

<b>SUMMARY OF ADMINISTRATION'S WELFARE REFORM COST ESTIMATES (in billions)</b>	
	<b>Five-Year Federal Costs</b>
<b>Transitional Assistance Followed by Work</b>	
Additional Education, Training and Placement Spending	2.8
WORK Spending (including Noncustodial Parents)	1.2
Additional Child Care Spending for Program Participants	2.7
Investments in Automation	.8
Subtotal	7.5
Savings from Caseload Reductions and Reduced Fraud	(1.5)
Subtotal, Transitional Assistance	6.0
<b>Making Work Pay</b>	
Working Poor Child Care Expenditures	1.5
State Flexibility on Earned Income and Child Support Disregards	.2
State Demonstrations to Advance EITC	.1
Subtotal, Making Work Pay	1.8
<b>Prevention/Parental Responsibility</b>	
Teenage Pregnancy Prevention Grants	.3
Child Support Enforcement and Demonstrations	.6
State Option to Limit Additional Benefits to Additional Children/Minor Parents	(.1)
Subtotal, Prevention/Parental Responsibility	.8
<b>Improving Government Assistance (IGA)</b>	
Remove Two-Parent (UP) Restrictions	.2
IDA/Microenterprise Demonstrations	.1
Conform Resource Limit, Income Definitions and Other	.2
Subtotal, IGA	.5
Net Medicaid Impact	.2
<b>TOTAL</b>	<b>9.3</b>

## COSTS

In any welfare reform plan, up-front investments in education, training and placement services, child care, and the development of work opportunities and automation are required. The costs of welfare reform to the Federal government in our plan are estimated at \$9.3 billion over five years. The cost package is modest and carefully matched to financing.

Costs gradually increase over the five-year period, reaching an annual level of \$3.3 billion in 1999. The program phases in over time in a focused and pragmatic way that recognizes the need for States to develop infrastructure, train staff in the new culture and ensure that the program will be well-developed and implemented. In the second five-year period of welfare reform, annual costs range between \$3 and \$4 billion, with increased investments in the new program balanced by increased savings from child support enforcement and caseload reductions. Our financing plan will cover these costs in this period as well.

The package assumes that States share in the cost of welfare reform at a reasonable level; they will also share in the savings. The States' share of required expenditures on transitional assistance, WORK and child support enforcement of \$1.6 billion are more than balanced by estimated savings of \$1.7 billion from caseload reductions and child support enforcement. If States choose to enact the optional provisions of the proposal, which many States have already requested through waivers, our estimate is that the total cost to the States would be about \$1 billion.

### TRANSITIONAL ASSISTANCE FOLLOWED BY WORK

Additional JOBS spending. The new JOBS spending of \$2.8 billion over five years is added to baseline spending under current law of \$1 billion per year. In 1999, total spending allowed under the JOBS program will be \$1.9 billion. This will enable the JOBS program to serve approximately 800,000 participants at any one time. Costs per participant were estimated from the experience of the most effective current programs that provide education, training and placement services to welfare recipients.

WORK Spending. The WORK program, which begins serving participants in 1998 (when they begin hitting the two-year time limit), costs \$1.2 billion during the first five-year period. Costs of the WORK program increase over time, as more slots need to be developed for an expanded phased-in group, more of whom hit the time limit each year. By 1999, the WORK program is expected to be serving approximately 260,000 participants. Costs per WORK slot were estimated based on the experience of operating work programs in funding materials and equipment, supervision, job development, and other costs.

Child Care Spending for JOBS and WORK participants. The estimated child care spending of \$2.7 billion for JOBS and WORK participants is added to annual Federal spending under current law of about \$750 million. This represents the cost of a guarantee of child care to participants in both programs, and of transitional child care for one year to those who leave the rolls. The estimates assume that in fiscal year 1999, 370,000 new slots will be created. The proposal guarantees parental choice of child care arrangements and assumes the use of both formal and informal arrangements. In addition, Head Start is estimated to serve many of the 3- and 4-year-old children of welfare recipients.

## MAKING WORK PAY/CHILD CARE

Working Poor Child Care. The proposal expands the "At-Risk" program of child care for the working poor from its current capped level of \$300 million to an annual cap of \$1 billion by 1999. This program supplements the Child Care and Development Block Grant (CCDBG), which is currently funded at about \$1 billion with increases requested. Together, the two programs will serve approximately 1.1 million working-poor children in fiscal year 1999.

Disregards for Earned Income and Child Support. The proposal requires States to disregard for purposes of calculating benefits \$120 per month of earned income for work expenses. States have the option of increasing disregards, both for earned income and for child support. The cost estimates assume that States serving half the caseload increase their disregards.

## PREVENTING TEEN PREGNANCY AND PROMOTING PARENTAL RESPONSIBILITY

Teen Pregnancy Prevention Grants. The proposal will make about 1,000 grants over five years, averaging \$60,000 per year each, to school and community-based organizations for teen pregnancy prevention projects. In addition, the proposal will fund five to seven comprehensive youth and prevention demonstrations.

Child Support Enforcement and Demonstrations. Total net spending of \$0.5 billion over five years will increase computerization and enforcement staff. This new spending will generate modest AFDC savings and substantial improvements in the economic well-being of children by 1999. Savings to State and Federal governments increase dramatically during the second five-year period. Much of the financial benefit from the new provisions will accrue to the States.

Minor Parent Requirements and State Option to Limit Benefits for Additional Children. These new provisions are estimated to save \$0.1 billion over five years.

## IMPROVING GOVERNMENT ASSISTANCE

Remove Two-parent Restrictions. The proposal allows States to remove the restrictions that treat two-parent families less favorably than one-parent families. Assuming that States serving half the caseload choose this option results in estimated Federal costs of \$0.2 billion.

Asset and Microenterprise Demonstrations. The proposal allows recipients to accumulate assets in restricted accounts and fund demonstrations of subsidized accounts and programs. The costs of these activities are estimated to be \$0.2 billion.

Other Conforming and Efficiency-enhancing Provisions. The proposal takes a number of steps to conform the rules of the AFDC and Food Stamp programs, to improve the efficiency of program operations and to decrease fraud. The total costs of these provisions are estimated to be \$0.2 billion.

WR-8

To: Bruce Reed  
Belle Sawhill  
Kathi Way

From: Naomi Goldstein

Re: Attached table

Date: April 13, 1994

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The attached table corrects a couple of errors in one of the tables you received yesterday.

04/13/94

**TABLE Package 1 - DETAILED SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL**  
(By fiscal year, in millions of dollars)

	5 Year Total	5 Year Federal	10 Year Total	10 Year Federal
<b>PARENTAL RESPONSIBILITY</b>				
Minor Mothers	(85)	(30)	(210)	(85)
No Additional Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Child Support Enforcement				
Paternity Establishment (Net)	(535)	(90)	(2,080)	(400)
Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Computer Costs	465	370	1,085	870
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(130)</b>	<b>(8,055)</b>	<b>(1,980)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
JOBS-Prep	0	0	0	0
Additional JOBS Spending	2,870	2,295	7,110	5,690
Additional Child Care for JOBS	2,010	1,610	4,910	3,930
WORK Program	1,660	1,330	11,490	9,190
Additional Child Care for WORK	760	610	5,240	4,190
Savings from Child Care and Other Expansion	(185)	(100)	(1,480)	(815)
Transitional Child Care	555	445	2,565	2,050
Enhanced Teen Case Management	210	170	595	475
Savings - Caseload Reduction	(390)	(215)	(6,070)	(3,340)
ADP Federal and State Systems/Admin Efficiency	680	545	825	660
<b>SUBTOTAL, JOBS/WORK</b>	<b>8,170</b>	<b>6,690</b>	<b>25,185</b>	<b>22,030</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>6,950</b>	<b>6,560</b>	<b>17,130</b>	<b>20,050</b>
<b>WORKING POOR CHILD CARE (Capped at \$900 million in net spending).</b>	<b>1,875</b>	<b>1,500</b>	<b>6,930</b>	<b>5,545</b>
<b>REMOVE TWO PARENT (UP) RESTRICTIONS</b>	<b>895</b>	<b>495</b>	<b>2,875</b>	<b>1,580</b>
Comprehensive Grants	200	200	350	350
Non-Custodial Parent JOBS/WORK Programs	165	130	815	650
Access Grants and Parenting Demonstrations	35	30	75	60
Child Support Assurance Projects	150	120	415	330
IDA and Microenterprise Projects	75	60	175	140
<b>SUBTOTAL SPECIAL INITIATIVES</b>	<b>625</b>	<b>540</b>	<b>1,830</b>	<b>1,530</b>
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>				
State Flexibility on Earned Income and Child Support Disregards Generally Conform (but not Increase)	710	385	2,225	850
Assets to Food Stamps	0	0	0	0
All Others	(75)	(5)	(165)	(5)
<b>SUBTOTAL IGA</b>	<b>635</b>	<b>380</b>	<b>2,060</b>	<b>845</b>
<b>GRAND TOTAL</b>	<b>10,980</b>	<b>9,475</b>	<b>30,825</b>	<b>29,550</b>

**President's Table with Full Phase-In in-Fy 1996 with Further Adjustments in IGA, Working Poor  
Child Care, and Demonstrations; UP Two-Parent Provision as State Option; Eliminate Increase  
in Territories' Cap; Conform Asset Rules to Food Stamps but no Increase in Limits.**

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

cc. Bruce  
Katz. WR-#

From: Balle

EXECUTIVE OFFICE OF THE PRESIDENT

23-Feb-1994 05:27pm

TO: (See Below)

FROM: Richard B. Bavier  
Office of Mgmt and Budget, HRVL

SUBJECT: Report on meeting to discuss STEWARD model

In attendance at the meeting to discuss the STEWARD model were David Ellwood and Wendell Primus and ASPE staff, Harold Beebout from Mathematica and staff, Robert Moffitt (by phone), and Ralph Smith and John Tampogna from CBO.

In an initial stage, Ellwood led a discussion with Beebout and Moffitt about the reliability of the estimates of the effects of universal health care, EITC increases, and welfare reform on the AFDC caseload. All three agreed that the impacts were generally in line with earlier work by Moffitt, Ellwood, and others.

Wendell pressed about estimates of the combined effects. They are in the 40 percent range. All agreed that they expected a lower combined effect, but speculated on reasons for the apparent lack of overlap.

After Ellwood had to leave, the questions focussed more on the model itself. In the course of the discussion, it became evident that the estimates of the time-limit and work program had assumed CWEP limited to 18 months. The model's relative lack of external validation was noted, and suggestions for testing it were made. In addition, at least one question of internal consistency was identified in table outputs. Mathematica is going to look into it.

After the meeting, Oellerich again stressed that ASPE cost estimates were still preliminary. We should expect to see a new table tomorrow. He thinks the numbers will show progressively less change with each subsequent version.

On a related point, I had asked Oellerich to have "STEWARD estimate" the effects of JOBS, time-limits for all non-deferred (including part-timer workers), followed by CWEP. (They already had done this package reflecting the HHS part-time policy.) With time-limits for part-timers, measured combined costs for AFDC, food stamps, and EITC were lower than the no-time-limit option, while work and work exits from AFDC were up. David asserted that the number of WORK slots we would have to find would be higher with time-limits for part-timers.

★  
PART-TIME WORK  
COSTS MONEY

The tables don't appear to support him, but he had to leave before we could get very far into the problem. In any case, these time-limit-then-CWEP tables will all have to be reproduced without the CWEP time-limit before we can get back to this discussion.

Distribution:

TO: Isabel Sawhill

TO: Stacy L. Dean

CC: Barbara S. Selfridge

CC: Keith J. Fontenot

CC: Lester D. Cash

CC: Michael E. Ruffner

CC: David K. Kleinberg

CC: Len M. Nichols

WR #

### Outline of Costs Paper

The purpose of this memo is to describe the vision for the cost and financing paper that will ultimately go to the President. That paper will outline as simply as possible the different cost and financing pieces. Cost and financing should be described together because the issues are intimately intertwined: To the extent that one decides to go for a more costly set of provisions, one will need additional financing. I believe strongly that it is important to be able to understand the interaction of all of these decisions.

The attached table lists the major cost items and financing options for fiscal years 1995-99, a five-year total, and a steady state number. All cost figures include the total change in both Federal and State costs. I have tried to accommodate OMB's desire to see low-cost, mid-cost and higher-cost options, as well as the impact of several free-standing provisions.

The table is constructed fairly simply. The low-cost option consists of the child support enforcement provisions, an enhanced JOBS funding stream (hopefully consistent with one of the phase-in assumptions), the WORK program with one year of community service work at minimum wage, the non-custodial parent provisions and child support assurance demonstrations already agreed upon, child care to cover participants in the JOBS and WORK programs, and 12 months of transitional care for everyone who leaves the AFDC program. Finally, this option includes the budget impact of the prevention items already agreed upon. By itself, this option is not a proposal that anyone should like, but it does illustrate the major components of a low-cost option. When we actually see the cost numbers, we may want to include fewer or more provisions in this first option.

The next part of the table, labeled as the mid-cost option, includes additional cost provisions which could be added to the low-cost option. The higher-cost option includes more expensive provisions which could be combined with the low- and mid-cost options. The addendum section costs show the impact relative to the mid-cost proposal of various policies in which members of the group have expressed particular interest. Obviously, some provisions could be classified differently than they currently appear, but I would hope we would not need a long discussion about classification. Finally, under the financing section, 10 to 12 options will be listed.

OK | In the paper for the President, each provision and the rationale for the provision should be detailed. I would suggest that the individual in the group of six who feels most strongly about each of the more expensive options should attempt to draft an additional paragraph detailing the rationale for such.

Within the five-year budget window, one can lower costs by moving the effective date. Costs should be estimated conservatively assuming current budget scoring rules. One can only take credit for provisions actually contained in the welfare reform bill. Thus, we must assume that the Health Security Act has not be enacted and we must be realistic about how fast the proposal could be phased in. The steady state numbers would assume that the proposal is fully implemented and fully effective relative to the 1999 caseload. The steady state figures would assume the enactment of the Health Security Act, and they might also assume full implementation of an advance EITC proposal.

For the moment, I would hope that we could avoid getting into lengthy discussions about other major options to cost out. I believe it would be most useful to focus our attention on getting one set of options completely done right first.

**WELFARE REFORM COST ESTIMATES (FEDERAL AND STATE)**

(By fiscal year, in millions of dollars)

	Effective Date	1995	1996	1997	1998	1999	5-Year Total	Steady State
<b>LOW-COST OPTION</b>								
Child Support Enforcement								
Paternity Establishment (Net)								
Enforcement (Net)								
Computer Costs								
TOTAL								
JOBS Funding								
Associated Child Care								
WORK Program (Limit of one year)								
Associated Child Care								
Non-Custodial Parent Provisions								
Child Support Demonstrations								
Child Care (Only transitional care)								
Prevention Package (Minor parent, demonstrations)								
SUBTOTAL								

*- RANGE*

*- Followed by what?*

*- FAMILY CAP*

**MID-COST OPTION**

Simplification Package (Accounting period, asset rules)

Filing Unit Option

Disregard Package

Two-Parent Provisions

Child Care for Working Poor (Below poverty)

Additional Year of Community Service Jobs

**SUBTOTAL, Combined with Low-Cost Option**

**HIGHER-COST OPTION**

Unlimited Time in Community Service Jobs

Additional Child Care (Below 130% of poverty)

More Generous Disregards and Simplification Package

Less Generous Exemption Package

Advance EITC

**TOTAL COST, Including Low- and Mid-Cost Options**

+ Savings

**ADDENDUM (Costs relative to Mid-Cost Option)**

Tougher Paternity Establishment

Up-Front Job Search

Prevailing Wage Community Service Jobs

Part-Time Work Not Exempted

A Different Phase-In Option

- Family Cap

**FINANCING OPTIONS**

- Housing / FS

- Count EITC as income

WR - \$



**Income Maintenance Branch**  
Office of Management and Budget  
Executive Office of the President  
Washington, DC 20503

February 24, 1994

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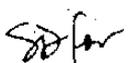
Keith Fontenot  
Barbara Selfridge  
Belle Sawhill

Decision needed \_\_\_\_\_  
Please comment \_\_\_\_\_  
For your information \_\_\_\_\_  
Per your request   X    
Take necessary action \_\_\_\_\_

With informational copies for:  
CE

Subject: Possible Low, Medium and High  
Welfare Reform Options

Phone: 202/395-4686  
Fax: 202/395-3910  
Room: #7026

From:  Richard Bavier, Lester Cash,  
Stacy Dean and Micheal Ruffner

Per your request we have developed the attached tables which represent hypothetical low, medium and high cost options for welfare reform. Our intent was not to suggest these combinations as policy options, but rather to illustrate that low and medium cost options could be developed from the high cost option HHS sent over yesterday. The preliminary five year costs associated with each option are: low; \$3.1 billion, medium; ~~\$7.7~~ billion and high; \$15 billion.

8.7

In order to create the low and medium options we took variations of the HHS high cost option:

- Eliminated or limited certain elements. For instance, for the low cost option we eliminated Child Support Assurance Demos and for the medium cost option we capped the demos at \$50 million per year.
- Added some possible savings options. For the low cost option we included the Up Front Job Search, Family Cap and Capped the DCTC.
- Scaled back the Transitional Assistance and WORK programs. Richard developed some estimates for a less ambitious program.

February 24, 1994

In addition, we added lines without pricing for those items which we believe will have either costs or savings but which were not included on HHS's table:

- Child Care Feeding Costs
- Systems Costs for the Transitional Assistance and WORK programs.
- Food Stamp Interactions
- Medicaid Interactions

If you have any questions or comments about the tables, please do not hesitate to contact us.

**HHS PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)  
A HIGH OPTION**

(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>						
JOBs Prep	0	20	55	60	70	205
Additional JOBs Spending	0	270	850	1,020	1,070	3,210
WORK Program	0	0	0	170	790	960
Additional Child Care for JOBs/WORK Participants	0	250	700	830	980	2,760
Transitional Child Care	0	85	250	325	340	1,000
Child Care Feeding Costs				Not Yet Estimated		
Enhanced Teen Case Management	0	30	90	105	110	335
Economic Development	0	0	100	100	100	300
Systems Costs				Not Yet Estimated		
<b>Subtotal Transitional Assistance/WORK</b>	<b>0</b>	<b>655</b>	<b>2,045</b>	<b>2,610</b>	<b>3,460</b>	<b>8,770</b>
<b>PARENTAL RESPONSIBILITY</b>						
Prevention Package	0	(40)	(40)	(45)	(45)	(170)
Two Parent Provision	0	0	400	600	800	1,800
Child Support Enforcement 4/ <i>Paternity Establishment</i>	0	(85)	(200)	(300)	(450)	(1,035)
<i>Enforcement(Net)</i>	130	70	60	(300)	(500)	(540)
<i>Computer Costs</i>	<u>100</u>	<u>150</u>	<u>200</u>	<u>250</u>	<u>300</u>	<u>1,000</u>
Sub-total CSE	230	135	60	(350)	(650)	(575)
Other Services						
<i>Non-custodial Parent Provisions</i>	0	30	90	125	195	440
<i>Access Grants and Parenting Demonstrations</i>	20	25	30	30	30	135
<i>Child Support Assurance Demonstrations</i>	0	0	100	200	250	550
Sub-total Other Services	20	55	220	355	475	1,125
<b>Subtotal Parental Responsibility</b>	<b>250</b>	<b>150</b>	<b>640</b>	<b>560</b>	<b>580</b>	<b>2,180</b>

**HHS PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)  
A HIGH OPTION**

(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total
<b>MAKING WORK PAY</b>						
Working Poor Child Care	0	165	1,185	1,310	1,440	4,100
Child Care Feeding Costs			Not Yet Estimated			
Advance EITC	0	0	0	0	0	0
<b>Subtotal Making Work Pay</b>	<b>0</b>	<b>165</b>	<b>1,185</b>	<b>1,310</b>	<b>1,440</b>	<b>4,100</b>
<b>REINVENTING GOVERNMENT</b>						
Asset Rules, Filing Unit, Simplification of Earnings Disregards, Accounting and Reporting Rules	0	0	0	0	0	0
<b>GRAND TOTAL</b>	<b>250</b>	<b>970</b>	<b>3,870</b>	<b>4,480</b>	<b>5,480</b>	<b>15,050</b>

**ADDENDUM**

No additional benefits for additional children	(40)	(100)	(120)	(160)	(160)	(580)
Food Stamps Interactions				Not Yet Estimated		
Medicaid Interactions				Not Yet Estimated		
Other Interactions				Not Yet Estimated		

**NOTES:**

- 1 These are HHS preliminary estimates dated Feb. 23, 1994. New estimates may be available as of Feb. 24.
- 2 Additional JOBS Participants in thousands
 

Additional JOBS Participants in thousands	0	123	374	435	444
Additional WORK participants	0	0	0	33	147
- 3 HHS numbers for the same proposal show a caseload savings for the Transitional Assistance Followed By Work section. Over five years the savings represent \$190 million.
- 4 Child Support estimates are combined Federal and State shares of costs and collections. Under current law, these provisions would increase costs to the Federal government while generating savings to the State. Thus, the Grand Total cost would increase.
- 5 HHS assumes the Federal government will pay 100% of the added costs of welfare reform. If States paid the same share of welfare reform costs as they do under current law, costs could be reduced 45%.

**PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL AND STATE)  
A MEDIUM OPTION**

(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>						
Additional JOBS Spending	0	270	850	1,020	1,070	3,210
WORK Program	0	0	0	170	790	960
Additional Child Care for JOBS/WORK Participants	0	250	700	830	960	2,740
Child Care Feeding Costs				Not Yet Estimated		
Systems Costs				Not Yet Estimated		
<b>Subtotal</b>	<b>0</b>	<b>520</b>	<b>1,550</b>	<b>2,020</b>	<b>2,820</b>	<b>6,910</b>

<b>PARENTAL RESPONSIBILITY</b>						
Prevention Package	0	(40)	(40)	(45)	(45)	(170)
Two Parent Provision	0	0	200	300	400	900
No additional benefits for additional children	(40)	(100)	(120)	(160)	(160)	(580)
Child Support Enforcement 3/ <i>Paternity Establishment</i>	0	(85)	(200)	(300)	(450)	(1,035)
<i>Enforcement(Net)</i>	130	70	60	(300)	(500)	(540)
<i>Computer Costs</i>	<u>100</u>	<u>150</u>	<u>200</u>	<u>250</u>	<u>300</u>	<u>1,000</u>
Sub-total CSE	230	135	60	(350)	(650)	(575)
Capped Child Support Assurance Demonstrations	0	50	50	50	0	150
<b>Subtotal</b>	<b>190</b>	<b>45</b>	<b>150</b>	<b>(205)</b>	<b>(455)</b>	<b>(275)</b>

*Leaves out  
NCPs*

<b>MAKING WORK PAY</b>						
Working Poor Child Care	0	80	590	655	720	1,023 2,045
Child Care Feeding Costs				Not Yet Estimated		
Advance EITC	0	0	0	0	0	0
Cap and Make Refundable Dependent Care Tax Credit	0	0	0	0	0	0
<b>Subtotal</b>	<b>0</b>	<b>80</b>	<b>590</b>	<b>655</b>	<b>720</b>	<b>1,023 2,045</b>

**PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL AND STATE)  
A MEDIUM OPTION  
(By fiscal year, in millions of dollars)**

	1995	1996	1997	1998	1999	5 Year Total
<b>REINVENTING GOVERNMENT</b>						
Asset Rules, Filing Unit, Simplification of Earnings Disregards, Accounting and Reporting Rules	0	0	0	0	0	0
<b>GRAND TOTAL</b>	190	645	2,290	2,470	3,085	7,680 <i>8680</i>

**ADDENDUM**

Food Stamps Interactions	Not Yet Estimated
Medicaid Interactions	Not Yet Estimated
Other Interactions	Not Yet Estimated

**NOTES:**

- 1 These are HHS preliminary estimates dated Feb. 23, 1994. New estimates may be available as of Feb. 24.
  - 2 Additional JOBS Participants in thousands  
WORK participants
- |  |   |     |     |     |     |
|--|---|-----|-----|-----|-----|
|  | 0 | 123 | 374 | 435 | 444 |
|  | 0 | 0   | 0   | 33  | 147 |
- 3 Child Support estimates are combined Federal and State shares of costs and collections. Under current law, these provisions would increase costs to the Federal government while generating savings to the State. Thus, the Grand Total cost would increase.
  - 4 HHS assumes the Federal government will pay 100% of the added costs of welfare reform. If States paid the same share of welfare reform costs as they do under current law, costs could be reduced 45%.

**PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL AND STATE)  
A LOW OPTION**

(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>						
Applicant Job Search/No AFDC 30 days	19	(29)	(33)	(38)	(44)	(125)
Additional JOBS Spending	0	160	460	525	535	1,680
WORK Program	0	0	0	125	565	690*
Additional Child Care for JOBS/WORK Participants	0	180	540	665	840	2,225
Child Care Feeding Costs				Not Yet Estimated		
Systems Costs				Not Yet Estimated		
<b>Subtotal Transistional Assistance/WORK</b>	<b>19</b>	<b>311</b>	<b>967</b>	<b>1,277</b>	<b>1,896</b>	<b>4,470</b>
<b>PARENTAL RESPONSIBILITY</b>						
Prevention Package	0	(40)	(40)	(45)	(45)	(170)
No additional benefits for additional children	(40)	(100)	(120)	(160)	(160)	(580)
Child Support Enforcement 1/ Paternity Establishment	0	(85)	(200)	(300)	(450)	(1,035)
Enforcement(Net)	130	70	60	(300)	(500)	(540)
Computer Costs	100	150	200	250	300	1,000
Sub-total CSE	230	135	60	(350)	(650)	(575)
<b>SUBTOTAL Parental Responsibility</b>	<b>190</b>	<b>(5)</b>	<b>(100)</b>	<b>(555)</b>	<b>(855)</b>	<b>(1,325)</b>
<b>MAKING WORK PAY</b>						
Working Poor Child Care				Funded under the discretionary cap.		
Child Care Feeding Programs				Not Yet Estimated		
Cap Dependent Care Tax Credit				Not Yet Estimated		
<b>GRAND TOTAL</b>	<b>209</b>	<b>306</b>	<b>867</b>	<b>722</b>	<b>1,041</b>	<b>3,145</b>

**ADDENDUM**

Food Stamps Interactions	Not Yet Estimated
Medicaid Interactions	Not Yet Estimated
Other Interactions	Not Yet Estimated

**NOTES:**

- 1 These are HHS preliminary estimates. New estimates may be available Feb 24.
- 2 Child Support estimates are combined Federal and State shares of costs and collections. Under current law, these provisions would increase costs to the Federal government while generating savings to the State. Thus, the Grand Total cost would increase.
- 3 HHS assumes the Federal government will pay 100% of the added costs of welfare reform. If States paid the same share of welfare reform costs as they do under current law, costs could be reduced 45%.

\* Assume lower admin. costs

WR - \$

## Welfare Reform Options

(Federal outlays in millions)

OPTION		FY1995	FY1996	FY1997	FY1998	FY1999	FY1995-9
<b>1 Minor Moms Live with Parents as a Dependent</b>							
(Preliminary OMB staff pricing)	O/L	(20)	(20)	(20)	(20)	(20)	(100)
(HHS estimate)	O/L	0	(45)	(50)	(50)	(50)	(195)
<b>2 Up front JOBS search for 30 days before AFDC benefit</b>							
(Preliminary OMB pricing <u>Low Option</u> )	O/L	19	(29)	(33)	(38)	(44)	(125)
<b>3 Paternity Cooperation and Reduced State Match</b>							
(OMB staff pricing)	O/L						Not Yet Estimated
<b>4 National Family Cap (no AFDC for children born on welfare)</b>							
(Preliminary CBO staff pricing)	O/L	(40)	(100)	(120)	(160)	(160)	(580)
(HHS estimate)	O/L	(35)	(100)	(110)	(140)	(150)	(535)
<b>5 State Option to have a family cap (50% take the cap)</b>							
(OMB Staff Pricing)	O/L	(18)	(50)	(55)	(70)	(75)	(268)
<b>6 Declining Match rate over time (80% JOBS, 70% WORK, 50% thereafter)</b>							
(OMB Staff Pricing)	O/L						Not Yet Estimated

⑦

## Welfare Reform Options

(Federal outlays in millions)

OPTION

FY1995 FY1996 FY1997 FY1998 FY1999 FY1995-9

## Welfare Reform Options

(Federal outlays in millions)

OPTION

FY1995 FY1996 FY1997 FY1998 FY1999 FY1995-9

7 *25% Set Aside for Job Placement and Work Support*

(OMB Staff Pricing)

O/L

Not Yet Estimated

8 *No Mixing of Work and Welfare after the time limit*

(OMB Staff Pricing)

O/L

Not Yet Estimated

9 *Set a percentage cap for the exempt caseload*

(OMB Staff Pricing)

0 O/L

Not Yet Estimated

-0

# *2 year JOBS, 2 year WORK, 4 year AFDC with a declining match rate, 75% benefit package*

(OMB Staff Pricing)

O/L

Not Yet Estimated

## NOTES:

- Most options are non-additive
- Pricing is preliminary.
- Assumptions used for pricing should be verified.

Comparison of Alternative Ways of Treating Part-Time Work for Phased-In Group

	# Beyond Two Years	% Reduction from Previous Option	% Reduction from No Stopping of the Clock	% of Total Reduction	# Combining Work and Welfare
FY 2000					
No Provision for Allowing Part-Time Work	460				0
Part-Time Work Only Before the Time Limit; Slows the Clock by 1/2 Month	403	12.39%	12.39%	36.31%	174
Part-Time Work Only Before the Time Limit; Stops the Clock	338	16.13%	26.52%	41.40%	191
Part-Time Work Before and After the Time Limit; Stops the Clock	303	10.36%	34.13%	22.29%	231
Total Difference	157				
Percent Reduction	34.13%				

FY 2004					
No Provision for Allowing Part-Time Work	872				0
Part-Time Work Only Before the Time Limit; Slows the Clock by 1/2 Month	820	5.96%	5.96%	24.53%	195
Part-Time Work Only Before the Time Limit; Stops the Clock	776	5.37%	11.01%	20.75%	214
Part-Time Work Before and After the Time Limit; Stops the Clock	660	14.95%	24.31%	54.72%	339
Total Difference	212				
Percent Reduction	24.31%				

## SUMMARY PRICING

Three Possible Options  
(By fiscal year, in millions of dollars)

*Annual*

3/10/94 12:45	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Steady State
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>									
<b>A</b> Subtotal Transitional Assistance/WORK	0	620	1,950	2,285	3,000	7,855	6,535	33,300	N/A
<b>B</b> Option	0	545	1,595	1,780	2,265	6,185	3,235	22,305	N/A
<b>C</b> Option	0	385	1,185	1,340	1,705	4,615	2,140	16,230	N/A
<b>PARENTAL RESPONSIBILITY</b>									
<b>A</b> Subtotal Parental Responsibility	(5)	0	460	795	865	2,115	(110)	4,000	N/A
<b>B</b> Option	10	5	180	275	150	620	(710)	(1,860)	N/A
<b>C</b> Option	(20)	(60)	(180)	(295)	(635)	(1,190)	(1,445)	(7,345)	N/A
<b>MAKING WORK PAY</b>									
<b>A</b> Subtotal Making Work Pay	0	500	1,000	1,500	2,000	5,000	2,500	17,500	N/A
<b>B</b> Option	0	165	335	500	665	1,665	835	5,840	N/A
<b>C</b> Option	0	0	0	0	0	0	0	0	N/A
<b>REINVENTING GOVERNMENT</b>									
<b>A</b> Subtotal Reinventing Government	0	0	0	0	0	0	0	0	N/A
<b>B</b> Option	0	0	0	0	0	0	0	0	N/A
<b>C</b> Option	0	0	0	0	0	0	0	0	N/A
<b>GRAND TOTAL</b>									
<b>A</b> <i>Subtotal</i>	(5)	1,120	3,410	4,580	5,865	14,970	8,925	54,800	N/A
<b>B</b> <i>Subtotal</i>	10	715	2,110	2,555	3,080	8,470	3,360	26,285	N/A
<b>C</b> <i>Subtotal</i>	-20	325	1,005	1,045	1,070	3,425	695	8,885	N/A

**WORKING DRAFT**

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted	Steady State
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>										
A JOBS Prep: Case Management for Deferrals	0	15	50	60	70	195	120	695		
B Limited Case Management for JOBS Prep	0	10	25	30	35	100	60	350		
C No Case Management for JOBS Prep	0	0	0	0	0	0	0	0		
A Additional JOBS Spending: Assumes everyone in JOBS is in an education or training activity or job search 9 months out of the year. (about 50% above the level in a demo intended to achieve maximum participation)	0	260	820	940	980	3,000	730	6,910		1,405
A technical reestimate of Option A costs (excludes EITC, health care reform and part time work behavior changes)	0	300	930	1,070	1,120	3,420	1,020	8,510	1,600	1,940
B More realistic participation levels in JOBS: Assumes everyone in JOBS is in an education or training activity or job search 7 months out of the year.	0	200	620	690	710	2,220	450	4,880	(3,630)	(940)
C • <u>Up front JOBS search for 30 days before AFDC benefit</u> - Reg. half of applicants More realistic participation levels in • JOBS: Assumes everyone in JOBS is in an education or training activity or job search 7 months out of the year.	0	150	545	610	625	1,930	355	4,125	(4,385)	
C SUBTOTAL	0	150	545	610	625	1,930	355	4,125	(4,385)	

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted	Annual Steady State
<b>A WORK Program</b>	0	0	0	120	620	740	3,040	11,810		8,005
A technical reestimate of Option A costs (excludes EITC, health care reform and part time work behavior changes)	0	0	0	130	680	810	3,820	14,660	2,850	10,050
<b>B</b>										
• Cap Overhead at \$3,500/job/year (vs. \$5,250) This is approximately the spending level required for community service (work-for- welfare) rather than work-for-wages.										
• Cap the WORK Slot number at .5m										
• Limit time on WORK to 3 years then 75% of AFDC + Food Stamps										
<b>B SUBTOTAL</b>	0	0	0	90	400	490	400	4,980	(9,680)	
<b>C</b>										
• Cap Overhead at \$3,500/job/year (vs. \$5,250)										
• Limit Time on WORK to 1.5 years then 75% of AFDC + Food Stamps										
• 1/5 WORK Slots in Child Care/Monitoring										
<b>C SUBTOTAL</b>	0	0	0	70	290	360	(280)	2,340	(12,320)	

3500 admin  
Soc. Sec. tax FICA -  
work expenses \$90/mo. -

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

		1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted	Steady State
<b>OTHER WORK OPTIONS</b>											
D	Cap the Work Slot number at .4m and WORK overhead at \$3,500 per slot	0	0	0	95	445	540	1,120	6,830	(7,830)	
E	Cap the Work Slot number at .5m and WORK overhead at \$3,500 per slot	0	0	0	95	445	540	1,470	8,020	(6,640)	
F	Cap the Work Slot number at .5m and WORK overhead at \$4,000 per slot	0	0	0	105	510	615	1,720	9,170	(5,490)	
G	Cap the Work Slot number at .7m and WORK overhead at \$4,000 per slot	0	0	0	105	510	615	2,520	10,820	(3,840)	
H	Part-time workers not eligible for AFDC after two years	0	0	0	110	560	670	3,170	12,290	(2,370)	
A	Savings in AFDC Benefits from Caseload Reduction (Savings in JOBS/WORK are incorporated above)	0	(10)	(40)	(90)	(100)	(240)	(250)	(1,150)		
B	Not Yet Estimated	0	(10)	(40)	(90)	(100)	(240)	(250)	(1,150)		
C	Not Yet Estimated	0	(10)	(40)	(90)	(100)	(240)	(250)	(1,150)		
A	Child Care for JOBS/WORK Participants	0	240	680	750	870	2,540	2,175	10,330		
B	Less Child Care Needed	0	230	640	660	770	2,300	1,925	9,180		
C	Less Child Care Needed	0	160	430	450	540	1,580	1,715	7,430		

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted Steady State
<b>A Transitional Child Care</b>	0	85	250	300	350	985	600	3,485	
<i>B Alternative under review</i>	0	85	250	300	350	985	600	3,485	
<i>C Alternative under review</i>	0	85	250	300	350	985	600	3,485	
<b>A Enhanced Teen Case Management</b>	0	30	90	105	110	335	120	920	
<i>B Cap case management admin costs at \$ 50 m.</i>	0	30	50	50	50	180	50	430	
<i>C Defer</i>	0	0	0	0	0	0	0	0	
<b>A Economic Development: Microenterprise loans and Individual Development Accounts</b>	0	0	100	100	100	300	0	300	
<i>B Modest Economic Development</i>	0	0	50	50	50	150	0	150	
<i>C Defer</i>	0	0	0	0	0	0	0	0	
<b>A Subtotal Transitional Assistance/WORK</b>	0	620	1,950	2,285	3,000	7,855	6,535	33,300	
<i>B Subtotal</i>	0	545	1,595	1,780	2,265	6,185	3,235	22,305	
<i>C Subtotal</i>	0	385	1,185	1,340	1,705	4,615	2,140	16,230	

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted Steady State
<b>PARENTAL RESPONSIBILITY</b>									
A Require Minor Moms to Live with Parents	0	(45)	(50)	(50)	(50)	(195)	(50)	(445)	
B No change	0	(45)	(50)	(50)	(50)	(195)	(50)	(445)	
C No change	0	(45)	(50)	(50)	(50)	(195)	(50)	(445)	
A Comprehensive Demonstration Grants	0	50	50	50	50	200	50	450	
B No change	0	50	50	50	50	200	50	450	
C No change	0	50	50	50	50	200	50	450	
A Two Parent Provision: Quarters of Work and 100 hour rule	0	0	440	680	945	2,065	1,115	7,290	
B Quarters of Work Only	0	0	220	340	475	1,035	560	3,655	
C Quarters of Work Only	0	0	220	340	475	1,035	560	3,655	
A No additional benefits for additional children (Family Cap at State Option)	(35)	(100)	(110)	(140)	(150)	(535)	(150)	(1,285)	
B No change	(35)	(100)	(110)	(140)	(150)	(535)	(150)	(1,285)	
C Mandatory Family Cap	(65)	(150)	(375)	(605)	(800)	(1,995)	(800)	(5,995)	

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted Steady State
<b>A Child Support Enforcement</b>	10	40	(85)	(85)	(375)	(495)	(1,270)	(5,560)	
B <i>Same as A, but higher computer costs</i>	45	85	(25)	(30)	(310)	(235)	(1,205)	(5,010)	
C <i>OPTION B</i>	45	85	(25)	(30)	(310)	(235)	(1,205)	(5,010)	
<b>A Non-custodial Parent Provisions</b>	0	30	85	110	165	390	165	1,215	
B <i>Moderst Non-custodial Parent Provisions</i>	0	15	45	55	85	200	85	625	
C <i>Defer</i>	0	0	0	0	0	0	0	0	
<b>A Access Grants and Parenting Demonstrations</b>	20	25	30	30	30	135	30	285	
B <i>Defer</i>	0	0	0	0	0	0	0	0	
C <i>Defer</i>	0	0	0	0	0	0	0	0	
<b>A Child Support Assurance Demonstrations</b>	0	0	100	200	250	550	0	2,050	
B <i>Limit and Cap CSA Demos</i>	0	0	50	50	50	150	0	150	
C <i>Defer</i>	0	0	0	0	0	0	0	0	
<b>A Subtotal Parental Responsibility</b>	(5)	0	460	795	865	2,115	(110)	4,000	
B <i>Subtotal</i>	10	5	180	275	150	620	(710)	(1,860)	
C <i>Subtotal</i>	(20)	(60)	(180)	(295)	(635)	(1,190)	(1,445)	(7,345)	

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted Steady State
<b>MAKING WORK PAY</b>									
A Working Poor Child Care	0	500	1,000	1,500	2,000	5,000	2,500	17,500	
B Target Child Care at Parents 26 and under	0	165	335	500	665	1,665	835	5,840	
C Defer	0	0	0	0	0	0	0	0	
A Advance EITC	0	0	0	0	0	0	0	0	
B No Change	0	0	0	0	0	0	0	0	
C No Change	0	0	0	0	0	0	0	0	
A Subtotal Making Work Pay	0	500	1,000	1,500	2,000	5,000	2,500	17,500	
B Subtotal	0	165	335	500	665	1,665	835	5,840	
C Subtotal	0	0	0	0	0	0	0	0	

DETAILED OPTIONS

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted Steady State
<b>REINVENTING GOVERNMENT</b>									
A Asset Rules, Filing Unit, Simplification of Earnings Disregards, Accounting and Reporting Rules	0	0	0	0	0	0	0	0	
Subtotal Reinventing Government	0	0	0	0	0	0	0	0	
B No Change	0	0	0	0	0	0	0	0	
C No Change	0	0	0	0	0	0	0	0	
<b>GRAND TOTAL</b>									
A TOTAL	(5)	1,120	3,410	4,580	5,865	14,970	8,925	54,800	N/A
B Total	10	715	2,110	2,555	3,080	8,470	3,360	26,285	N/A
C Total	(20)	325	1,005	1,045	1,070	3,425	695	8,885	N/A

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted Steady State
<b>OPTION A: EFFECTS ON OTHER PROGRAMS</b>									
JOB'S/WORK Systems Costs <i>Includes estimates of State/Federal costs to adapt computer and other under the new program.</i>	100	300	300	400	300	1,400	100	2,200	
Child Care Feeding Costs (JOB'S/WORK/TCC) <i>The CACFP costs associated with expanded child care</i>	0	35	95	105	120	355	280	1,380	
Child Care Feeding Costs(Working Poor) <i>The CACFP costs associated with expanded child care</i>	0	50	100	150	200	500	250	1,750	
WORK Program <i>Remove EITC and Health Care Reform Behavioral Assumptions</i>	0	0	0	10	60	70	780	2,850	
JOB'S Program <i>Remove EITC and Health Care Reform Behavioral Assumptions</i>	0	40	110	130	140	420	290	1,600	
<b>Subtotal</b>	<b>100</b>	<b>425</b>	<b>605</b>	<b>795</b>	<b>820</b>	<b>2,745</b>	<b>1,700</b>	<b>9,785</b>	
Sanctions									Not Yet Estimated
Federal Match Rate effect on State behavior									Not Yet Estimated
Food Stamps Interactions									Not Yet Estimated
Medicaid Interactions									Not Yet Estimated
EITC Interactions									Not Yet Estimated
Other Interactions									Not Yet Estimated

**PROJECTED CASELOADS UNDER PROGRAM FOR  
OCTOBER 1996 IMPLEMENTATION FOR PERSONS BORN AFTER 1971**

	FY 1997	FY 1999	FY 2004
<b>Projected Adult Cases With Parent Born After 1971 Without Reform</b>	<b>1.43 million</b>	<b>1.93 million</b>	<b>3.34 million</b>
Off-welfare with Reform (Health reform after 1999, EITC, Child Care, JOBS, WORK, etc.)	.11 million	.21 million	.68 million
<b>TAP Participants</b>	<b>1.32 million</b>	<b>1.72 million</b>	<b>2.66 million</b>
Working While on Welfare	.16 million	.22 million	.33 million
JOBS Participants	.66 million	.77 million	.88 million
WORK Participants	.00 million	.15 million	.65 million
Pre-JOBS—disability/age limits work	.13 million	.17 million	.28 million
Pre-JOBS—severely disabled child	.07 million	.09 million	.12 million
Pre-JOBS—caring for child under one	.30 million	.32 million	.40 million

Notes:

Numbers assume modest behavioral effects that increase over time. These behavioral effects include a 50 percent increase in the percent of recipients working part-time, employment and training impacts similar to San Diego's SWIM program and a modest increase in the percent of recipients who leave welfare for work when they hit the time limit. Figures for 2004 are subject to considerable error, since it is difficult to make caseload projections or to determine the impact of WORK requirements on behavior. Figures for FY 2004 also assume behavioral effects from the implementation of health reform.

24 Month Work Limit 80/20/0

3-10-94 20:05

**PROJECTED CASELOADS UNDER PROGRAM FOR  
OCTOBER 1996 IMPLEMENTATION FOR PERSONS BORN AFTER 1971**

	<b>FY 1997</b>	<b>FY 1999</b>	<b>FY 2004</b>
<b>Projected Adult Cases With Parent Born After 1971 Without Reform</b>	<b>1.43 million</b>	<b>1.93 million</b>	<b>3.34 million</b>
Off welfare with Reform (Health reform after 1999, EITC, Child Care, JOBS, WORK, etc.)	.11 million	.22 million	.71 million
<b>TAP Participants</b>	<b>1.32 million</b>	<b>1.72 million</b>	<b>2.63 million</b>
Working While on Welfare	.16 million	.22 million	.33 million
JOBS Participants	.66 million	.77 million	.88 million
WORK Participants	.00 million	.14 million	.40 million
Pre-JOBS-- disability/age limits work	.13 million	.17 million	.50 million
Pre-JOBS--severely disabled child	.07 million	.09 million	.12 million
Pre-JOBS--caring for child under one	.30 million	.32 million	.40 million

40%

**Notes:**

Numbers assume modest behavioral effects that increase over time. These behavioral effects include a 50 percent increase in the percent of recipients working part-time, employment and training impacts similar to San Diego's SWIM program and a modest increase in the percent of recipients who leave welfare for work when they hit the time limit. Figures for 2004 are subject to considerable error, since it is difficult to make caseload projections or to determine the impact of WORK requirements on behavior. Figures for FY 2004 also assume behavioral effects from the implementation of health reform.

24 Month Work Limit 40/50/10

3-10-94 20:05

PROJECTED CASELOADS UNDER PROGRAM FOR OCTOBER 1996 IMPLEMENTATION FOR PERSONS BORN AFTER 1971			
	FY 1997	FY 1999	FY 2004
Projected Adult Cases With Parent Born After 1971 Without Reform	1.43 million	1.93 million	3.34 million
Off welfare with Reform (Health reform after 1999, EITC, Child Care, JOBS, WORK, etc.)	.11 million	.22 million	.74 million
<b>TAP Participants</b>	<b>1.32 million</b>	<b>1.72 million</b>	<b>2.60 million</b>
Working While on Welfare	.16 million	.22 million	.33 million
JOBS Participants	.66 million	.77 million	.88 million
WORK Participants	.00 million	.14 million	.48 million
Pre-JOBS-- disability/age limits work	.13 million	.17 million	.39 million
Pre-JOBS--severely disabled child	.07 million	.09 million	.12 million
Pre-JOBS--caring for child under one	.30 million	.32 million	.40 million

647  
Phase in

2759

Notes:

Numbers assume modest behavioral effects that increase over time. These behavioral effects include a 50 percent increase in the percent of recipients working part-time, employment and training impacts similar to San Diego's SWIM program and a modest increase in the percent of recipients who leave welfare for work when they hit the time limit. Figures for 2004 are subject to considerable error, since it is difficult to make caseload projections or to determine the impact of WORK requirements on behavior. Figures for FY 2004 also assume behavioral effects from the implementation of health reform.

**SUMMARY PRICING**  
**HHS Estimate (Feb 24) and Two Possible Alternatives**  
 (By fiscal year, in millions of dollars)

3/9/94 14:15	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Steady State
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>									
Subtotal Transitional Assistance/WORK	0	620	1,950	2,285	3,000	7,855	6,535	33,300	N/A
Option A	0	605	1,870	2,170	2,690	7,335	3,960	26,330	N/A
Option B	0	435	1,260	1,420	1,790	4,905	2,345	17,475	N/A
<b>PARENTAL RESPONSIBILITY</b>									
Subtotal Parental Responsibility	(5)	0	460	795	865	2,115	(110)	4,000	N/A
Option A	10	5	180	275	150	620	(710)	(1,860)	N/A
Option B	(20)	(60)	(180)	(295)	(635)	(1,190)	(1,445)	(7,345)	N/A
<b>MAKING WORK PAY</b>									
Subtotal Making Work Pay	0	500	1,000	1,500	2,000	5,000	2,500	17,500	N/A
Option A	0	165	335	500	665	1,665	835	5,840	N/A
Option B	0	0	0	0	0	0	0	0	N/A
<b>REINVENTING GOVERNMENT</b>									
HHS Subtotal Reinventing Government	0	0	0	0	0	0	0	0	N/A
Option A	0	0	0	0	0	0	0	0	N/A
Option B	0	0	0	0	0	0	0	0	N/A
<b>GRAND TOTAL</b>									
HHS Proposal	(5)	1,120	3,410	4,580	5,865	14,970	8,925	54,800	N/A
A Subtotal	10	775	2,385	2,945	3,505	9,620	4,085	30,310	N/A
B Subtotal	-20	375	1,080	1,125	1,155	3,715	900	10,130	N/A

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

HHS Estimate (Feb 24) and Two Possible Alternatives

(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted HHS	Steady State
3/9/94 14:44										
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>										
• JOBS Prep: Case Management for Deferrals	0	15	50	60	70	195	120	695		
A Limited Case Management for JOBS Prep	0	10	25	30	35	100	60	350		
B No Case Management for JOBS Prep	0	0	0	0	0	0	0	0		
• Additional JOBS Spending: Assumes everyone in JOBS is in an education or training activity or job search 9 months out of the year. (about 50% above the level in a demo intended to achieve maximum participation)	1/	0	260	820	940	980	3,000	730	6,910	1,405
A technical reestimate of HHS costs (excludes EITC, health care reform and part time work behavior changes)	0	300	930	1,070	1,120	3,420	1,020	8,510	1,600	1,940
A Up front JOBS search for 30 days before AFDC benefit	0	250	855	990	1,035	3,130	925	7,755	(755)	
B More realistic participation levels in JOBS: Assumes everyone in JOBS is in an education or training activity or job search 7 months out of the year.	0	200	620	690	710	2,220	560	5,370	(3,140)	1,000
Job search particip.								4,600		

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

HHS Estimate (Feb 24) and Two Possible Alternatives

(By fiscal year, in millions of dollars)

3/9/94 14:44	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted HHS	Steady State
• WORK Program 2/	0	0	0	120	620	740	3,040	11,810		8,005
A technical reestimate of HHS costs (excludes EITC, health care reform and part time work behavior changes)	0	0	0	130	680	810	3,820	14,660		10,050
A 1 Cap Overhead at \$3,500/job/year (vs. \$5,250) This is approximately the spending level required for community service (work-for- welfare) rather than HHS's proposal for work-for-wages.	0	0	0	90	400	490	2,210	8,860	(5,800)	5,715
A 2 Limit time on WORK to 3 years then 75% of AFDC + Food Stamps	0	0	0	130	680	810	2,760	12,880	(1,780)	7,380
Cost of Combined Option A1 and A2	0	0	0	90	400	490	400	4,980	(9,660)	
B 1 Cap Overhead at \$3,500/job/year (vs. \$5,250)	0	0	0	90	400	490	2,210	8,860	(5,800)	5,715
B 2 Limit Time on Work to 1.5 years then 75% of AFDC + Food Stamps	0	0	0	130	680	810	1,370	8,610	(6,050)	4,970
B 3 1/5 WORK Slots in Child Care/Monitoring	0	0	0	100	510	610	2,820	11,050		
Cost of Combined Option B1, B2 and B3	0	0	0	70	290	360	(280)	2,340	(12,320)	
C Cap the Work Slot number at .4m	0	0	0	130	680	810	2,570	11,930	(2,730)	4,120
D Part-time workers not eligible for AFDC after two years	0	0	0	110	560	670	3,170	12,290	(2,370)	

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

HHS Estimate (Feb 24) and Two Possible Alternatives

(By fiscal year, in millions of dollars)

3/9/94 14:44	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted HHS	Steady State
• Savings in AFDC Benefits from Caseload Reduction (Savings in JOBS/WORK are incorporated above)	0	(10)	(40)	(90)	(100)	(240)	(250)	(1,150)		
A Not Yet Estimated	0	(10)	(40)	(90)	(100)	(240)	(250)	(1,150)		
B Not Yet Estimated	0	(10)	(40)	(90)	(100)	(240)	(250)	(1,150)		
• Child Care for JOBS/WORK Participants	0	240	680	750	870	2,540	2,175	10,330		
A Subject to Change	0	240	680	750	870	2,540	2,175	10,330		
B Subject to Change	0	160	430	450	540	1,580	1,715	7,430		
• Transitional Child Care 3/	0	85	250	300	350	985	600	3,485		
A Alternative under review	0	85	250	300	350	985	600	3,485		
B Alternative under review	0	85	250	300	350	985	600	3,485		
• Enhanced Teen Case Management	0	30	90	105	110	335	120	920		
A Cap case management admin costs at \$ 50 m.	0	30	50	50	50	180	50	430		
B Defer	0	0	0	0	0	0	0	0		
• Economic Development: Microenterprise loans and Individual Development Accounts 4/	0	0	100	100	100	300	0	300		
A Modest Economic Development	0	0	50	50	50	150	0	150		
B Defer	0	0	0	0	0	0	0	0		
<b>Subtotal Transitional Assistance/WORK</b>	<b>0</b>	<b>620</b>	<b>1,950</b>	<b>2,285</b>	<b>3,000</b>	<b>7,855</b>	<b>6,535</b>	<b>33,300</b>		
A Subtotal	0	605	1,870	2,170	2,690	7,335	3,960	26,330		
B Subtotal	0	435	1,260	1,420	1,790	4,905	2,345	17,475		

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

HHS Estimate (Feb 24) and Two Possible Alternatives

(By fiscal year, in millions of dollars)

3/9/94 14:44	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted HHS	Steady State
<b>PARENTAL RESPONSIBILITY</b>										
• Require Minor Moms to Live with Parents	0	(45)	(50)	(50)	(50)	(195)	(50)	(445)		
A No change	0	(45)	(50)	(50)	(50)	(195)	(50)	(445)		
B No change	0	(45)	(50)	(50)	(50)	(195)	(50)	(445)		
• Comprehensive Demonstration Grants	0	50	50	50	50	200	50	450		
A No change	0	50	50	50	50	200	50	450		
B No change	0	50	50	50	50	200	50	450		
• Two Parent Provision: Quarters of Work and 100 hour rule 5/	0	0	440	680	945	2,065	1,115	7,290		
A Quarters of Work Only	0	0	220	340	475	1,035	560	3,655		
B Quarters of Work Only	0	0	220	340	475	1,035	560	3,655		
• No additional benefits for additional children (Family Cap at State Option) 9/	(35)	(100)	(110)	(140)	(150)	(535)	(150)	(1,285)		
A No change	(35)	(100)	(110)	(140)	(150)	(535)	(150)	(1,285)		
B Mandatory Family Cap	(65)	(150)	(375)	(605)	(800)	(1,995)	(800)	(5,995)		

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

HHS Estimate (Feb 24) and Two Possible Alternatives

(By fiscal year, in millions of dollars)

3/9/94 14:44	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted HHS	Steady State
• Child Support Enforcement 6/										
Paternity Establishment	5	20	(110)	(165)	(215)	(465)	(355)	(1,970)		
Enforcement(Net)	(10)	(20)	(65)	(80)	(320)	(495)	(1,015)	(4,655)		
Computer Costs	15	40	90	160	160	465	100	1,065		
Sub-total CSE	10	40	(85)	(85)	(375)	(495)	(1,270)	(5,560)		
A Includes added cost of proposed match rate										
Paternity Establishment	5	20	(110)	(165)	(215)	(465)	(355)	(1,970)		
Enforcement(Net)	(10)	(20)	(65)	(80)	(320)	(495)	(1,015)	(4,655)		
Computer Costs (Staff re-estimate)	50	85	150	215	225	725	165	1,615		
Sub-total CSE	45	85	(25)	(30)	(310)	(235)	(1,205)	(5,010)		
B Option A	45	85	(25)	(30)	(310)	(235)	(1,205)	(5,010)		
• Non-custodial Parent Provisions	0	30	85	110	165	390	165	1,215		
A Modest Non-custodial Parent Provisions	0	15	45	55	85	200	85	625		
B Defer	0	0	0	0	0	0	0	0		
• Access Grants and Parenting Demonstrations	20	25	30	30	30	135	30	285		
A Defer	0	0	0	0	0	0	0	0		
B Defer	0	0	0	0	0	0	0	0		
• Child Support Assurance Demonstrations 11/	0	0	100	200	250	550	0	2,050		
A Limit and Cap CSA Demos	0	0	50	50	50	150	0	150		
B Defer	0	0	0	0	0	0	0	0		
Subtotal Parental Responsibility	(5)	0	460	795	865	2,315	(110)	4,000		
A Subtotal	10	5	180	275	150	620	(710)	(1,860)		
B Subtotal	(20)	(60)	(180)	(295)	(635)	(1,190)	(1,445)	(7,345)		

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

HHS Estimate (Feb 24) and Two Possible Alternatives

(By fiscal year, in millions of dollars)

3/9/94 14:44	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted HHS	Steady State
<b>MAKING WORK PAY</b>										
• Working Poor Child Care 10/	0	500	1,000	1,500	2,000	5,000	2,500	17,500		
A Target Child Care at Parents 26 and under	0	165	335	500	665	1,665	835	5,840		
B Defer	0	0	0	0	0	0	0	0		
• Advance EITC 7/	0	0	0	0	0	0	0	0		
A No Change	0	0	0	0	0	0	0	0		
B No Change	0	0	0	0	0	0	0	0		
<b>Subtotal Making Work Pay</b>	<b>0</b>	<b>500</b>	<b>1,000</b>	<b>1,500</b>	<b>2,000</b>	<b>5,000</b>	<b>2,500</b>	<b>17,500</b>		
A Subtotal	0	165	335	500	665	1,665	835	5,840		
B Subtotal	0	0	0	0	0	0	0	0		
<b>REINVENTING GOVERNMENT</b>										
• Asset Rules, Filing Unit, Simplification of Earnings Disregards, Accounting and Reporting Rules 8/	0	0	0	0	0	0	0	0		
<b>Subtotal Reinventing Government</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		
A No Change	0	0	0	0	0	0	0	0		
B No Change	0	0	0	0	0	0	0	0		

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

HHS Estimate (Feb 24) and Two Possible Alternatives

(By fiscal year, in millions of dollars)

3/9/94 14:44	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted HHS	Steady State
<b>GRAND TOTAL</b>										
HHS Proposal	(5)	1,120	3,410	4,580	5,865	14,970	8,925	54,800		N/A
A Total	10	775	2,385	2,945	3,505	9,620	4,085	30,310		N/A
B Total	(20)	375	1,080	1,125	1,155	3,715	900	10,130		N/A
<b>EFFECTS ON OTHER PROGRAMS</b>										
JOBS/WORK Systems Costs 5/ <i>Includes estimates of State/Federal costs to adapt computer and other under the new program.</i>	100	300	300	400	300	1,400	100	2,200		
Child Care Feeding Costs (JOBS/WORK/TCC) <i>The CACFP costs associated with expanded child care</i>	0	35	95	105	120	355	280	1,380		
Child Care Feeding Costs(Working Poor) <i>The CACFP costs associated with expanded child care.</i>	0	50	100	150	200	500	250	1,750		
WORK Program <i>Remove EITC and Health Care Reform Behavioral Assumptions from HHS's estimates</i>	0	0	0	10	60	70	780	2,850		

**PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)**

**HHS Estimate (Feb 24) and Two Possible Alternatives**

(By fiscal year, in millions of dollars)

3/9/94 14:44	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted HHS	Steady State
JOBS Program	0	40	110	130	140	420	290	1,600		
<i>Remove EITC and Health Care Reform Behavioral Assumptions from HHS Estimates</i>										
<b>Subtotal</b>	100	425	605	795	820	2,745	1,700	9,785		
Sanctions										Not Yet Estimated
Federal Match Rate effect on State behavior										
Food Stamps Interactions										Not Yet Estimated
Medicaid Interactions										Not Yet Estimated
Other Interactions (ETC)										Not Yet Estimated

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

HHS Estimate (Feb 24) and Two Possible Alternatives

(By fiscal year, in millions of dollars)

3/9/94 14:44

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted HHS	Steady State
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NOTES:

- 1 HHS dollar estimates were provided only through FY99. Subsequent estimates are based on HHS caseload tables. Two technical corrections were made: 1) the Budget baseline is assumed, rather than the lower baseline HHS assumes; 2) the share of the caseload working is held at current levels, rather than increasing 50 percent, as in HHS's estimates. HHS and Technical Reestimates include JOBS/WORK savings due to caseload reduction. Savings are for options considered independently. Combined effect have not been estimated yet. Steady State estimate uses 2004 caseload with no effects of EITC increases or health reform. Effects of applicant job search extrapolated from Florida FIP one-year impacts.
- 2 Repeat Footnote 1.
- 3 Working with HHS to understand TCC assumptions.
- 4 Economic development is a 3 year demonstration project.
- 5 HHS has determined 5 yr. cost, but stream of outlays is not set. 10 yr estimate is placeholder.
- 6 These numbers were received verbally Feb-28. Child Support estimates are combined Federal and State shares of costs and collections. Under current law, these provisions would have Federal costs and savings
- 7 HHS's current proposal assumes no scoreable costs for the Advanced EITC. A change in law in order to mandate the advanced EITC could have significant costs
- 8 HHS's current proposal assumes that the Reinventing Government items will have no net costs. This may be difficult to accomplish given the magnitude of the savings and costs within this category.
- 9 CBO estimates for a Family Cap are significantly lower than HHS.  
CBO: Mandatory Family Cap                   (40)   (100)   (120)   (160)   (160)   (580)
- 10 Place holder estimate -- will be revised shortly.
- 11 HHS CSA based on outdated CBO pricing. HHS will reestimate.

**TABLE 1 -- PRELIMINARY COST ESTIMATES (FEDERAL AND STATE)  
FOR A HYPOTHETICAL WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)**

	(24 month WORK program followed by assessment leading to 10% sanction, 50% WORK and 40% pre-JOBS)					(Welfare and Nonwelfare Impacts)						
	1995	1996	1997	1998	1999	Total	2000	2001	2002	2003	2004	Total
<b>PARENTAL RESPONSIBILITY</b>												
Minor Mothers	0	(45)	(50)	(50)	(50)	(195)	(50)	(50)	(55)	(55)	(80)	(485)
Comprehensive Demonstration Grants	0	50	50	50	50	200	50	50	55	60	60	475
Two-Parent Provisions	0	0	440	880	945	2,085	980	970	980	990	1,005	6,970
No Additional Benefits for Additional Children	(20)	(50)	(125)	(200)	(285)	(680)	(275)	(285)	(300)	(310)	(320)	(2,150)
Child Support Enforcement												
Paternity Establishment (Net)	5	20	(110)	(165)	(215)	(485)	(240)	(280)	(305)	(330)	(355)	(1,975)
Enforcement (Net)	(10)	(20)	(85)	(80)	(320)	(495)	(445)	(835)	(910)	(955)	(1,015)	(4,855)
Computer Costs	15	35	95	180	180	485	155	130	115	110	110	1,085
Non-Custodial Parent Provisions	0	25	80	120	185	410	240	290	330	375	374	2,019
Access Grants and Parenting Demonstrations	20	25	30	30	30	135	30	30	30	30	30	285
Child Support Assurance Demonstrations	0	0	100	200	250	550	250	250	250	200	0	1,500
SUBTOTAL, CSE	30	85	130	285	90	600	(10)	(415)	(490)	(570)	(858)	(1,741)
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>												
JOB-Prep	0	25	80	95	100	300	115	145	180	225	280	1,245
Additional JOB-Prep Spending	0	200	720	920	880	2,720	760	780	770	820	880	6,730
Additional Child Care for JOBS with Head Start	0	150	555	720	700	2,125	615	625	615	650	880	5,310
WORK Program	0	0	0	110	660	770	1,380	1,810	2,010	2,370	2,580	10,920
Additional Child Care for WORK with Head Start	0	0	0	45	265	310	580	750	835	985	1,060	4,520
Transitional Child Care with Head Start	0	25	165	250	335	775	390	450	500	575	640	3,330
Enhanced Teen Case Management	0	20	55	65	65	205	75	75	75	80	85	595
Economic Development	0	0	100	100	100	300	100	100	100	100	0	700
Savings - Caseload Reduction	0	(220)	(410)	(480)	(800)	(1,910)	(730)	(800)	(1,090)	(1,220)	(1,800)	(7,350)
Savings from Child Care and Other Expansion	0	0	0	(6)	(35)	(40)	(75)	(100)	(120)	(145)	(170)	(650)
ADP Federal and State Systems	50	80	130	250	320	830	220	100	40	40	45	1,275
Enhanced Administrative Efficiency	0	(30)	(35)	(40)	(45)	(150)	(50)	(55)	(60)	(65)	(70)	(450)
SUBTOTAL, JOBS/WORK	50	280	1,395	2,070	2,590	6,385	3,430	3,935	3,915	4,480	4,480	26,625
<b>MAKING WORK PAY</b>												
Working Poor Child Care (Capped at \$2b)	0	500	1,000	1,500	2,000	5,000	2,080	2,169	2,250	2,340	2,433	16,266
Advance EITC	0	0	0	0	0	0	0	0	0	0	0	0
GRAND TOTAL	80	790	2,805	4,275	5,315	13,245	6,135	6,313	6,295	6,870	6,872	45,530

Note: Parentheses denote savings.

13-16

45-53

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group co-chairs.

March 9, 1994

Note to Wendell

From: Steve Bartolomei-Hill

Subject: Filing Unit Savings Options

Listed below are the filing unit options that save money that we are simulating with TRIM2.

- o Remove the provision that prevents SSI recipients from being in the AFDC unit;
- o Reduce the maximum payment by 1/3 when a unit meets at least one of the following conditions:  

The unit receives a housing subsidy;  
The unit is a child only unit; or,  
The unit lives with the grandparents of the child, and the grandparent are not in any AFDC unit.
- o Make the payment standard for child only units equal to the increment of the payment standard for a unit of one adult to a unit of one adult and one child (or, one adult and x children if there is more than one child in the unit).
- o Make the AFDC unit equal to the food stamp unit.
- o Apply an additional eligibility test: When the pre-AFDC income of the food stamp unit is equal to or greater than 130 percent of poverty, then the AFDC unit is not eligible. This is similar to the option above, except that it does not add any people to the AFDC unit. By definition, this option would affect only those AFDC units that do not currently receive food stamps.

Simulation results will not be available for most of these options prior to your meeting this afternoon. However, using available information I have done some back of the envelope estimates. I will pass along simulation results as soon as I receive them.

Of note, all the savings below are AFDC savings only. A large portion of these savings would be offset by increases in food stamps (30 percent offset would be in the ballpark for most of the estimates), and increases in housing assistance. Further, under current match rate policy, about half of the AFDC savings would be accrued by states. As a result, unless changes in federal financing are proposed as well, these proposals won't save much in terms of federal dollars.

1. Reducing the maximum payment by 1/3 for child only units:

About 15 percent of units are child-only units. In 1992, it appears these units received about \$1.8 billion in benefits. One-third of this amount would be **\$600 million**.

Notes: In some cases, child only units result from a parent receiving SSI. If we include SSI recipients in the unit, the savings from this option will be reduced.

2. Reducing the maximum payment by 1/3 for units that receive housing assistance:

In 1991, 9.5% of units reported living in public housing; another 13.4% reported receiving another rent subsidy.

Assuming these 23 percent of units received an average benefit, 1/3 of their benefits would total **\$1.5 billion**. If we wanted to exclude those in public housing, the total would be **\$900 million**.

Notes: Reducing the average payment by 1/3 is not the same as reducing the maximum payment by 1/3. The latter would likely save more money, and for all of these options, could result in people losing eligibility.

3. Reduce maximum payment by 1/3 when the unit lives with the grandparents of the child, and the grandparents are not in another AFDC unit:

An earlier simulation that included grandparents in the unit affected 12.3 percent of units. Assuming these 12.3 percent receive an average benefit, 1/3 of their benefits would total **\$800 million**.

Notes: From QC data, it appears that grandparents are present more frequently than in TRIM2.

Also, the cumulative impact of the three options above would be less than the sums added together, because some AFDC units may meet more than one of the 3 conditions that result in a reduction in the maximum payment.

4. Make the AFDC unit equal to the Food Stamp unit (simulation V2):

You received the simulation results for this. This simulation was done in combination with a change in the asset limit and the two-parent family provisions. TRIM2 estimated that this combination would save 3.3 percent of baseline costs (roughly **\$670 million** in 1991).

If we subtract out the asset increase and two-parent family provisions, it would appear from TRIM2 that this option

would save about 9 percent of baseline costs (\$1.8 billion). I believe, however, that this estimate is too high.

5. Apply an additional eligibility test: When the pre-AFDC income of the food stamp unit is equal to or greater than 130 percent of poverty, then the AFDC unit is not eligible. This is similar to the option above, except that it does not add any people to the AFDC unit. By definition, this option would affect only those AFDC units that do not currently receive food stamps (and only a subset of those).

According to AFDC QC data, 13 percent of AFDC units do not receive food stamps. In roughly a quarter of those cases, there is no one else in the dwelling unit. In the remaining three quarters, there is some one else in the dwelling unit. It is possible that these AFDC units do not receive food stamps because the additional person would be in the food stamp unit but has income that makes the household ineligible. In 1991, these units received \$1.6 billion in AFDC benefits.

Notes: This doesn't mean we would get \$1.6 billion in savings. There may be a reason other than the presence of the additional person that the unit does not receive food stamps. Also, if this person's presence means the loss of AFDC for the unit, there may be some behavioral affects (i.e. the person or the AFDC unit may move out).

6. I did not do any back-of-the-envelope estimates for including SSI recipients or changing the payment standard for children.

THE BOCA RATON RESORT & CLUB

Jobs Prep  
Jobs Partic  
Cap overhead  
1/10 core slots

offline  
Dump 2-parent  
day care  
Use 4-5 B to  
allow states  
to go faster  
(challenge grant \$)  
- work history  
- CBO

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

Delta  
from Annual  
adjusted Steady  
A State

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from Annual adjusted Steady A State
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>									
A JOBS Prep: Case Management for Deferrals	0	25	80	95	100	300	280	1,245	
B Limited Case Management for JOBS Prep	0	15	40	50	50	155	140	635	— ?
C No Case Management for JOBS Prep	0	0	0	0	0	0	0	0	
<b>A Additional JOBS Spending: Assumes everyone in JOBS is in an education or training activity or job search 9 months out of the year. (about 50% above the level in a demo intended to achieve maximum participation)</b>									
Using Budget Baseline	0	300	930	1,070	1,120	3,420	1,020	8,510	1,940
<b>B More realistic participation levels in JOBS: Assumes everyone in JOBS is in an education or training activity or job search 7 months out of the year.</b>									
	0	200	620	690	710	2,220	450	4,880	(3,630) (940)
<b>C Up front JOBS search for 30 days before AFDC benefit 12/ — no savings assumed</b>									
• More realistic participation levels in JOBS: Assumes everyone in JOBS is in an education or training activity or job search 7 months out of the year.									
<b>C SUBTOTAL</b>	0	200	620	690	710	2,220	450	4,880	(3,630) (940)

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from Annual adjusted Steady State A
<b>A WORK Program</b>									
Using Budget Baseline	0	0	0	130	680	810	3,820	14,660	10,050
<b>B</b> • Cap Overhead at \$4,000/job/year (vs. \$5,250) Cap WORK slots at .5m									
<b>B SUBTOTAL</b> (1/10 child care slots)	0	0	0	105	510	615	1,720	9,170	(5,490)
<b>C</b> • Cap Overhead at \$3,500/job/year (vs. \$5,250) • Limit Time on WORK to 1.5 years then 75% of AFDC + Food Stamps • 1/5 WORK Slots in Child Care/Monitoring									
<b>C SUBTOTAL</b>	0	0	0	70	290	360	(280)	2,340	(12,320)
<b>OTHER WORK OPTIONS</b>									
<b>D</b> Cap the Work Slot number at .4m and WORK overhead at \$3,500 per slot	0	0	0	95	445	540	1,120	6,830	(7,830)
<b>E</b> Cap the Work Slot number at .5m and WORK overhead at \$3,500 per slot	0	0	0	95	445	540	1,470	8,020	(6,640)
<b>F</b> Cap the Work Slot number at .5m and WORK overhead at \$4,000 per slot	0	0	0	105	510	615	1,720	9,170	(5,490)
<b>G</b> Cap the Work Slot number at .7m and WORK overhead at \$4,000 per slot	0	0	0	105	510	615	2,520	10,820	(3,840)
<b>H</b> Part-time workers not eligible for AFDC after two years	0	0	0	110	560	670	3,170	12,290	(2,370)

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted A	Annual Steady State
<b>A AFDC Savings from Behavior Effects</b> (JOBS/WORK savings incorporated above)	0	(10)	(40)	(90)	(100)	(240)	(250)	(1,150)		
B Not Yet Estimated	0	(10)	(40)	(90)	(100)	(240)	(250)	(1,150)	0	
C Not Yet Estimated	0	(10)	(40)	(90)	(100)	(240)	(250)	(1,150)	0	
<b>A Child Care for JOBS/WORK Participants</b>	0	150	555	765	965	2,435	1,760	9,830		
B Less Child Care Needed	0	70	305	465	635	1,475	1,300	6,930	(2,900)	
C Less Child Care Needed	0	70	305	465	635	1,475	1,300	6,930	(2,900)	
<b>A Transitional Child Care</b>	0	25	165	250	335	775	640	3,330		
B Alternative under review	0	25	165	250	335	775	640	3,330	0	] "change in culture"
C Alternative under review	0	25	165	250	335	775	640	3,330	0	
<b>A Enhanced Teen Case Management</b>	0	20	55	65	65	205	85	595		
B Cap case management admin costs at \$ 50 m.	0	30	50	50	50	180	50	430	430	
C Defer	0	0	0	0	0	0	0	0	(595)	
<b>A Economic Development: Microenterprise loans</b> and Individual Development Accounts	0	0	100	100	100	300	0	700		
B Option A	0	0	100	100	100	300	0	<del>300</del> 700	(400)	
C Modest Economic Development	0	0	50	50	50	150	0	150	(150)	

DETAILED OPTIONS

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted A	Annual Steady State
<b>A JOBS/WORK Systems Costs</b>										
<i>Federal and State</i>	50	80	130	250	320	830	45	1,275		
B <i>Option A</i>	100	300	300	400	300	1,400	100	2,200		
C <i>Option A</i>	100	300	300	400	300	1,400	100	2,200		
A Subtotal	50	590	1,975	2,635	3,585	8,835	7,400	38,995		
B Subtotal	100	630	1,540	2,020	2,590	6,880	4,150	26,725		
C Subtotal	100	585	1,400	1,835	2,220	6,140	1,960	18,680		

PARENTAL RESPONSIBILITY

A Require Minor Moms to Live with Parents	0	(45)	(50)	(50)	(50)	(195)	(60)	(465)		
B <i>No change</i>	0	(45)	(50)	(50)	(50)	(195)	(60)	(465)	0	
C <i>No change</i>	0	(45)	(50)	(50)	(50)	(195)	(60)	(465)	0	

DETAILED OPTIONS

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options

(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted A	Annual Steady State
<b>A Comprehensive Demonstration Grants</b>	0	50	50	50	50	200	60	475		
B <i>Cap at \$50 m</i>	0	50	50	50	50	200	50	450	(25)	
C <i>Cap at \$50 m</i>	0	50	50	50	50	200	50	450	(25)	
<b>A Two Parent Provision: Quarters of Work and 100 Hour Rule</b>	0	0	440	680	945	2,065	1,005	6,970		
B <i>Included in "Reinventing Government"</i>	0	0	0	0	0	0	0	0		
C <i>Included in "Reinventing Government"</i>	0	0	0	0	0	0	0	0		
<b>A No additional benefits for additional children (Family Cap at State Option)</b>	(20)	(50)	(125)	(200)	(265)	(660)	(320)	(2,150)		
B <i>No change</i>	(20)	(50)	(125)	(200)	(265)	(660)	(320)	(2,150)	0	
C <i>Mandatory Family Cap</i>	(65)	(150)	(375)	(605)	(800)	(1,995)	(800)	(5,995)	(3,845)	
<b>A Child Support Enforcement</b>	10	40	(85)	(85)	(375)	(495)	(1,270)	(5,005)		
B <i>Same as A, but higher computer costs</i>	45	85	(25)	(30)	(310)	(235)	(1,205)	(4,455)	550	
C <i>OPTION B</i>	45	85	(25)	(30)	(310)	(235)	(1,205)	(4,455)	550	
<b>A Non-custodial Parent Provisions</b>	0	25	80	120	185	410	375	2,020		
B <i>Modest Non-custodial Parent Provisions</i>	0	20	60	90	140	310	280	1,520	(500)	
C <i>Defer</i>	0	0	0	0	0	0	0	0	(2,020)	
<b>A Access Grants and Parenting Demonstrations</b>	20	25	30	30	30	135	30	285		
B <i>Defer</i>	0	0	0	0	0	0	0	0	(285)	
C <i>Defer</i>	0	0	0	0	0	0	0	0	(285)	

DETAILED OPTIONS

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from Annual adjusted Steady State A
A Child Support Assurance Demonstrations	0	0	100	200	250	550	0	1,500	
B Limit and Cap CSA Demos	0	0	50	50	50	150	0	150	(1,350)
C Defer	0	0	0	0	0	0	0	0	(1,500)
<b>A Subtotal Parental Responsibility</b>	<b>10</b>	<b>45</b>	<b>440</b>	<b>745</b>	<b>770</b>	<b>2,010</b>	<b>(180)</b>	<b>3,630</b>	
<b>B Subtotal</b>	<b>25</b>	<b>60</b>	<b>(40)</b>	<b>(90)</b>	<b>(385)</b>	<b>(430)</b>	<b>(1,255)</b>	<b>(4,950)</b>	<b>(8,580)</b>
<b>C Subtotal</b>	<b>(20)</b>	<b>(60)</b>	<b>(400)</b>	<b>(635)</b>	<b>(1,110)</b>	<b>(2,225)</b>	<b>(2,015)</b>	<b>(10,465)</b>	<b>(14,095)</b>

MAKING WORK PAY

A Working Poor Child Care	0	500	1,000	1,500	2,000	5,000	2,435	16,270	
B Target Child Care	0	0	500	900	900	2,300	1,000	7,300	(8,970)
C Defer	0	0	0	0	0	0	0	0	(16,270)
<b>A Advance EITC</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>B No Change</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C No Change</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>A Subtotal Making Work Pay</b>	<b>0</b>	<b>500</b>	<b>1,000</b>	<b>1,500</b>	<b>2,000</b>	<b>5,000</b>	<b>2,435</b>	<b>16,270</b>	
<b>B Subtotal</b>	<b>0</b>	<b>0</b>	<b>500</b>	<b>900</b>	<b>900</b>	<b>2,300</b>	<b>1,000</b>	<b>7,300</b>	<b>(8,970)</b>
<b>C Subtotal</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(16,270)</b>

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted A	Annual Steady State
<b>REINVENTING GOVERNMENT</b>										
A Asset Rules, Filing Unit, Simplification of Earnings Disregards, Accounting, Reporting Rules	0	0	0	0	0	0	0	0		
B Include Two Parent Provisions	0	0	0	0	0	0	0	0		
C Option B	0	0	0	0	0	0	0	0		
Subtotal Reinventing Government	0	0	0	0	0	0	0	0		
B No Change	0	0	0	0	0	0	0	0	0	
C No Change	0	0	0	0	0	0	0	0	0	
<b>GRAND TOTAL</b>										
A TOTAL	60	1,135	3,415	4,880	6,355	15,845	9,655	58,895		N/A
B Total	125	690	2,000	2,830	3,105	8,750	3,895	29,075		N/A
C Total	80	525	1,000	1,200	1,110	3,915	(55)	8,215		N/A

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options  
(By fiscal year, in millions of dollars)

	1995	1996	1997	1998	1999	5 Year Total	2004	10 Year Total	Delta from adjusted A	Annual Steady State
<b>EFFECTS ON OTHER PROGRAMS</b>										
A Child Care Feeding Costs (JOBS/WORK/TCC)	0	20	70	100	130	320	240	1,315		
B Based on Option B Child Care	0	10	45	70	95	220	195	1,020		
C Based on Option C Child Care	0	10	45	70	95	220	195	1,020		
A Child Care Feeding Costs(Working Poor)	0	50	100	150	200	500	244	1,627		
B Based on Option B Child Care	0	0	50	90	90	230	100	730		
C Based on Option C Child Care	0	0	0	0	0	0	0	0		
A Subtotal	0	70	170	250	330	820	484	2,947		
B Subtotal	0	10	95	160	185	450	295	1,750		
C Subtotal	0	10	45	70	95	220	195	1,020		
Sanctions										Not Yet Estimated
Federal Match Rate effect on State behavior										Not Yet Estimated
Food Stamps Interactions										Not Yet Estimated
Medicaid Interactions										Not Yet Estimated
EITC Interactions										Not Yet Estimated
Other Interactions										Not Yet Estimated

PRELIMINARY WELFARE REFORM COST ESTIMATES (FEDERAL/STATE)

Three Possible Options							Delta		
(By fiscal year, in millions of dollars)								from	Annual
						5 Year	10 Year	adjusted	Steady
	1995	1996	1997	1998	1999	Total	Total	A	State

GENERAL NOTES:

HHS dollar estimates were provided only through FY99. Subsequent estimates are based on HHS caseload tables. Two technical corrections were made: 1) the Budget baseline is assumed, rather than the lower baseline HHS assumes; 2) the share of the caseload working is held at current levels, rather than increasing 50 percent, as in HHS's estimates. HHS and Technical Reestimates include JOBS/WORK savings due to caseload reduction. Savings are for options considered independently. Combined effect have not been estimated yet. Steady State estimate uses 2004 caseload with no effects of EITC increases or health reform. Effects of applicant job search extrapolated from Florida FIP one-year impacts.

Working with HHS to understand TCC assumptions.

Economic development is a 3 year demonstration project.

HHS has determined 5 yr. cost, but stream of outlays is not set. 10 yr estimate is placeholder.

These numbers were received verbally Feb. 28. Child Support estimates are combined Federal and State shares of costs and collections. Under current law, these provisions would have Federal costs and savings

HHS's current proposal assumes no scoreable costs for the Advanced EITC. A change in law in order to mandate the advanced EITC could have significant costs

HHS's current proposal assumes that the Reinventing Government items will have no net costs. This may be difficult to accomplish given the magnitude of the savings and costs within this category.

CBO estimates for a Family Cap are significantly lower than HHS.

CBO: Mandatory Family Cap (40) (100) (120) (160) (160) (580)

Place holder estimate – will be revised shortly.

HHS CSA based on outdated CBO pricing. HHS will reestimate.

- 12 The net effect of Job Search, excluding behavioral effects is roughly zero. It is unclear whether or not the behavioral effect would be scoreable. Savings from behavior are as follows:

(230) (235) (240) (240) (245) (1,190)

3/18 2:10 (A)

**TABLE 1 - PRELIMINARY COST ESTIMATES (FEDERAL AND STATE)  
FOR A HYPOTHETICAL WELFARE REFORM PROPOSAL**  
(By fiscal year, in millions of dollars)  
(24 month WORK program followed by assessment leading to 10% sanction, 50% WORK and 40% pre-JOBS)  
(Welfare and Nonwelfare Impacts) - OPTION A

	1995	1996	1997	1998	1999	5 Year Total	2000	2001	2002	2003	2004	10 Year Total	
<b>PARENTAL RESPONSIBILITY</b>													
Minor Mothers	0	(45)	(50)	(50)	(50)	(195)	(50)	(50)	(55)	(55)	(60)	(465)	- Benefits
Comprehensive Demonstration Grants	0	25	25	25	25	100	25	25	28	30	30	238	- 100%
Two-Parent Provisions	0	0	250	450	500	1,200	510	520	530	535	545	3,840	- Benefits
No Additional Benefits for Additional Children	(20)	(50)	(125)	(200)	(265)	(660)	(275)	(265)	(300)	(310)	(320)	(2,150)	- Benefits
<b>Child Support Enforcement</b>													
Paternity Establishment (Net)	5	20	(110)	(165)	(215)	(465)	(240)	(280)	(305)	(330)	(355)	(1,975)	
Enforcement (Net)	(10)	(20)	(65)	(80)	(320)	(495)	(445)	(835)	(910)	(955)	(1,015)	(4,655)	
Computer Costs	15	35	95	180	180	485	155	130	115	110	110	1,085	
Non-Custodial Parent Provisions	0	15	95	125	195	430	255	285	305	335	355	1,985	- Demo
Access Grants and Parenting Demonstrations	20	25	30	30	30	135	30	30	30	30	30	285	
Child Support Assurance Demonstrations	0	0	100	200	250	550	250	250	250	200	0	1,500	
SUBTOTAL, CSE	30	75	145	270	100	620	5	(420)	(515)	(610)	(875)	(1,785)	
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>													
<b>JOBS-Prep</b>													
JOBS-Prep	0	15	90	100	110	315	120	145	185	225	275	1,265	
Additional JOBS Spending	0	120	850	1,040	1,090	3,100	850	750	660	690	680	8,750	
Additional Child Care for JOBS	0	120	610	750	770	2,250	580	515	450	435	410	4,850	
<b>WORK Program</b>													
WORK Program	0	0	0	90	760	650	1,560	1,970	2,160	2,430	2,570	11,540	
Additional Child Care for WORK	0	0	0	40	325	365	870	850	930	1,035	1,080	4,930	
Savings from Child Care and Other Expansion	0	0	0	(10)	(60)	(90)	(165)	(220)	(260)	(305)	(340)	(1,380)	- Benefits
Transitional Child Care	0	10	160	235	320	725	360	400	430	490	530	2,935	
Enhanced Teen Case Management	0	20	55	65	70	210	75	75	75	80	80	595	
Economic Development	0	0	100	100	100	300	100	100	100	100	0	700	
Savings - Caseload Reduction	0	0	(80)	(250)	(190)	(520)	(250)	(820)	(1,100)	(1,160)	(1,440)	(5,090)	- Benefits
ADP Federal and State Systems/Admin Efficiency	50	50	95	210	275	680	170	45	(20)	(25)	(25)	825	
SUBTOTAL, JOBS/WORK	50	335	1,880	2,370	3,550	8,165	4,080	4,010	3,830	3,995	3,820	27,720	
<b>MAKING WORK PAY</b>													
Working Poor Child Care (Capped at \$2b)	0	500	1,000	1,500	2,000	5,000	2,080	2,163	2,250	2,340	2,433	18,266	
Advance EITC	0	0	0	0	0	0	0	0	0	0	0	0	
Assets, Coordination, disregards	100	200	200	250	250	1,000	260	270	280	290	300	2,400	
<b>GRAND TOTAL - OPTION A</b>	160	1,040	3,325	4,815	6,110	15,250	6,635	6,233	5,847	6,215	5,873	48,053	
<b>GRAND TOTAL - OPTION B (UP provision costs 0)</b>	160	1,040	3,075	4,165	5,810	14,050	6,125	5,713	5,317	5,680	5,328	42,213	
<b>GRAND TOTAL - OPTION C (UP provision costs 0, Working Poor Child Care at \$1b in 99, Demonstrations cut by 25%)</b>	155	778	2,511	3,326	4,509	11,279	4,984	4,530	4,090	4,420	4,097	33,400	
<b>GRAND TOTAL - OPTION D (UP provision costs 0, Working Poor Child Care at 0, Demonstrations cut by 50%)</b>	150	515	1,948	2,468	3,408	8,508	3,843	3,348	2,864	3,160	2,865	24,586	

Note: Parentheses denote savings.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group co-chairs.

SEE APPENDIX FOR ENDNOTES TO TABLE

REINVENTING GOVERNMENT PROPOSALS:

Proposal		1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	Ten Year TOTAL
130% Gross Income Test	AFDC	-1305	-1350	-1395	-1440	-1500	-1545	-1605	-1665	-1725	-1785	-15315
	FS	0	0	0	0	0	0	0	0	0	0	
Limit Essential Persons Limit Type of Care	AFDC	-25	-26	-27	-28	-29	-30	-31	-32	-33	-34	-293
	FS	7	7	8	8	8	9	9	9	10	10	85
State Flex. on Earned Income & Child Supp. Disregards	AFDC	0	600	609	618	628	639	649	660	671	682	5756
	FSP	0	-174	-176	-179	-182	-185	-188	-191	-195	-198	-1669
FS Accounting Procedures/ Rept. \$75 Changes	AFDC	0	243	250	258	266	277	286	296	306	316	2498
	FSP	0	10	10	11	11	12	12	13	13	14	106
Expedite and Conform Application Process	AFDC	0	408	416	425	433	442	450	459	468	478	488
	FSP	0	-118	-122	-128	-133	-138	-143	-149	-154	-160	-166
Generally Conform to FS on limit, burial, Insur. real property, transfers.	AFDC	86	89	92	95	99	102	106	110	114	117	1010
	FSP	-25	-26	-27	-28	-29	-30	-31	-32	-33	-34	-293
Exclude 1 Automobile*	FSP	0	293	304	319	331	342	354	366	379	392	3081
\$10,000 Asset Demos for Ed., Train., Busin., etc.	AFDC	neg.										
IDA Accounts	AFDC	neg.										
Conform Underpayment Pol.	AFDC	-24	-25	-26	-27	-27	-28	-29	-30	-31	-32	-279
	FSP	7	7	8	8	8	9	9	9	9	10	84
Double Territories Caps Adjust for Inflation	AFDC	118	122	126	130	135	140	145	150	156	160	1382
Exclude lump sum Incl. EITC	AFDC	2	2	2	2	2	2	2	2	2	2	20
	FSP	neg. sav.										
Disrgd. ed assist	AFDC	neg.										
	FSP	5	5	5	5	5	5	5	5	5	5	50
Remove provis. requir. States to provide Child Supp. supp. paymnt whn incm. deduct fr. NS	AFDC	-45	-46	-48	-49	-51	-52	-54	-55	-56	-58	-514
Simplify Verification	AFDC	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-20
	FSP	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-30
Generally Conform Treatment of Income	AFDC	7	7	7	7	7	7	7	7	7	7	70
	FSP	-2	-2	-2	-2	-2	-2	-2	-2	-2	-2	-20
TOTAL		-1199	22	9	1	-24	-29	-54	-74	-94	-114	-1557

All AFDC Costs Include Both Federal and State Funding

Assume One Auto Excluded by Regulations in AFDC

**TABLE 1 -- PRELIMINARY COST ESTIMATES (FEDERAL AND STATE)  
FOR A HYPOTHETICAL WELFARE REFORM PROPOSAL**  
(By fiscal year, in millions of dollars)  
(24 month WORK program followed by assessment leading to 10% sanction, 50% WORK and 40% pre-JOBS)  
(Welfare Impacts) - OPTION A

	1995	1996	1997	1998	1999	5 Year Total	2000	2001	2002	2003	2004	10 Year Total
<b>PARENTAL RESPONSIBILITY</b>												
Minor Mothers	0	(45)	(50)	(50)	(50)	(195)	(50)	(50)	(55)	(55)	(60)	(465)
Comprehensive Demonstration Grants	0	50	50	50	50	200	50	50	65	60	60	475
Two-Parent Provisions	0	0	250	450	500	1,200	510	520	530	535	545	3,840
No Additional Benefits for Additional Children	(20)	(50)	(125)	(200)	(265)	(660)	(275)	(265)	(300)	(310)	(320)	(2,150)
<b>Child Support Enforcement</b>												
Paternity Establishment (Net)	5	20	(110)	(185)	(215)	(465)	(240)	(260)	(305)	(300)	(350)	(1,975)
Enforcement (Net)	(10)	(20)	(65)	(80)	(320)	(495)	(445)	(635)	(910)	(955)	(1,015)	(4,855)
Computer Costs	15	35	95	160	180	465	155	130	115	110	110	1,065
Non-Custodial Parent Provisions	0	15	95	130	205	445	285	335	365	415	450	2,300
Access Grants and Parenting Demonstrations	20	25	30	30	30	135	30	30	30	30	30	265
Child Support Assurance Demonstrations	0	0	100	200	250	550	250	250	250	200	0	1,500
<b>SUBTOTAL, CSE</b>	<b>30</b>	<b>75</b>	<b>145</b>	<b>275</b>	<b>110</b>	<b>635</b>	<b>35</b>	<b>(370)</b>	<b>(455)</b>	<b>(530)</b>	<b>(775)</b>	<b>(1,480)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>												
<b>JOBS-Prep</b>												
JOBS-Prep	0	15	60	100	110	315	130	160	210	260	325	1,400
Additional JOBS Spending	0	140	680	1,100	1,180	3,280	1,040	1,020	1,010	1,100	1,190	6,840
Additional Child Care for JOBS	0	140	635	785	625	2,385	735	700	665	720	750	5,955
<b>WORK Program</b>												
WORK Program	0	0	0	100	780	880	1,660	2,170	2,430	2,790	3,020	12,970
Additional Child Care for WORK	0	0	0	45	335	380	720	935	1,050	1,190	1,275	6,550
Savings from Child Care and Other Expansion	0	0	0	(10)	(60)	(90)	(175)	(240)	(290)	(350)	(400)	(1,545)
Transitional Child Care	0	10	165	240	330	745	365	445	490	560	630	3,255
Enhanced Teen Case Management	0	20	55	65	70	210	80	65	60	60	66	630
Economic Development	0	0	100	100	100	300	100	100	100	100	0	700
Savings - Caseload Reduction	0	0	(60)	(250)	(190)	(500)	(270)	(690)	(1,230)	(1,330)	(1,690)	(5,730)
ADP Federal and State Systems/Admin Efficiency	50	50	95	210	275	680	170	45	(20)	(25)	(25)	625
<b>SUBTOTAL, JOBS/WORK</b>	<b>50</b>	<b>375</b>	<b>1,940</b>	<b>2,465</b>	<b>3,715</b>	<b>6,565</b>	<b>4,865</b>	<b>4,730</b>	<b>4,505</b>	<b>5,106</b>	<b>5,170</b>	<b>32,670</b>
<b>MAKING WORK PAY</b>												
Working Poor Child Care (Capped at \$2b)	0	500	1,000	1,500	2,000	5,000	2,080	2,163	2,250	2,340	2,433	16,266
Advance EITC	0	0	0	0	0	0	0	0	0	0	0	0
Assets, Coordination, Disregards	100	200	200	250	250	1,000	260	270	260	290	300	2,400
<b>GRAND TOTAL - OPTION A</b>	<b>100</b>	<b>1,105</b>	<b>3,410</b>	<b>4,760</b>	<b>6,310</b>	<b>15,745</b>	<b>7,205</b>	<b>7,026</b>	<b>6,810</b>	<b>7,435</b>	<b>7,353</b>	<b>51,576</b>
<b>GRAND TOTAL - OPTION B (JP provision costs 0)</b>	<b>100</b>	<b>1,105</b>	<b>3,180</b>	<b>4,310</b>	<b>5,810</b>	<b>14,545</b>	<b>6,695</b>	<b>6,508</b>	<b>6,280</b>	<b>6,900</b>	<b>6,808</b>	<b>47,736</b>
<b>GRAND TOTAL - OPTION C (JP provision costs 0, Working Poor Child Care at \$1b in 99, Demonstrations cut by 25%)</b>	<b>155</b>	<b>636</b>	<b>2,500</b>	<b>3,465</b>	<b>4,703</b>	<b>11,749</b>	<b>5,546</b>	<b>5,319</b>	<b>5,048</b>	<b>5,832</b>	<b>5,569</b>	<b>38,663</b>
<b>GRAND TOTAL - OPTION D (JP provision costs 0, Working Poor Child Care at 0, Demonstrations cut by 50%)</b>	<b>150</b>	<b>568</b>	<b>2,020</b>	<b>2,620</b>	<b>3,595</b>	<b>8,953</b>	<b>4,400</b>	<b>4,130</b>	<b>3,813</b>	<b>4,365</b>	<b>4,330</b>	<b>29,690</b>

Note: Parentheses denote savings.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group co-chairs.

SEE APPENDIX FOR ENDNOTES TO TABLE

3/19/99 EPM

**TABLE 2 -- PRELIMINARY COST ESTIMATES (FEDERAL AND STATE)  
FOR A HYPOTHETICAL WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)  
(24 month WORK program followed by Assessment)  
(Welfare Impacts) - OPTION A**

	1995	1996	1997	1998	1999	5 Year Total
<b>PARENTAL RESPONSIBILITY</b>						
Minor Mothers	0	(45)	(50)	(50)	(50)	(195)
Comprehensive Demonstration Grants	0	50	50	50	50	200
Two-Parent Provisions	0	0	250	450	500	1,200
No Additional Benefits for Additional Children	(20)	(50)	(125)	(200)	(285)	(680)
<b>Child Support Enforcement</b>						
Paternity Establishment (Net)	5	20	(110)	(165)	(215)	(465)
Enforcement (Net)	(10)	(20)	(65)	(80)	(320)	(495)
Computer Costs	15	35	95	160	160	465
Non-Custodial Parent Provisions	0	15	90	125	200	430
Access Grants and Parenting Demonstrations	20	25	30	30	30	135
Child Support Assurance Demonstrations	0	0	100	200	250	550
SUBTOTAL, CSE	30	75	140	270	105	620
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>						
JOBS-Prep	0	15	85	100	110	310
Additional JOBS Spending	0	130	830	1,070	1,130	3,160
Additional Child Care for JOBS	0	85	580	750	790	2,205
WORK Program	0	0	0	90	780	870
Additional Child Care for WORK	0	0	0	40	330	370
Savings from Child Care and Other Expansion	0	0	0	(10)	(80)	(90)
Transitional Child Care	0	10	155	235	320	720
Enhanced Teen Case Management	0	20	55	65	70	210
Economic Development	0	0	100	100	100	300
Savings - Caseload Reduction	0	(30)	(300)	(380)	(380)	(1,090)
ADP Federal and State Systems/Admin Efficiency	50	50	85	210	275	680
SUBTOTAL, JOBS/WORK	50	280	1,800	2,270	3,445	7,645
<b>MAKING WORK PAY</b>						
Working Poor Child Care (Capped at \$2b)	0	500	1,000	1,500	2,000	5,000
Advance EITC	0	0	0	0	0	0
Assets, Coordination, State Flexibility on Disregards	0	0	100	150	200	450
Child Care Feeding Programs	0	100	200	300	300	900
<b>GRAND TOTAL - OPTION A</b>	<b>80</b>	<b>910</b>	<b>3,165</b>	<b>4,740</b>	<b>6,285</b>	<b>15,160</b>
GRAND TOTAL - OPTION B (UP provision costs 0)	60	910	2,915	4,290	5,785	13,960
GRAND TOTAL - OPTION C (UP provision costs 0, Working Poor Child Care at \$1b in 1999, Demonstrations cut by 25% relative to Option A)	55	615	2,295	3,370	4,580	10,915
GRAND TOTAL - OPTION D (UP provision costs 0, Working Poor Child Care at 0, Demonstrations cut by 50% relative to Option A)	50	325	1,675	2,450	3,370	7,870

Note: Parentheses denote savings.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group co-chairs.

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**TABLE 1 -- PRELIMINARY COST ESTIMATES (FEDERAL AND STATE)  
FOR A HYPOTHETICAL WELFARE REFORM PROPOSAL**  
(By fiscal year, in millions of dollars)  
(24 month WORK program followed by assessment leading to 10% sanction, 50% WORK and 40% pre-JOBS)  
(Welfare Impacts) - OPTION A

3/18, 2:10 PM  
(Welf only)

	1995	1996	1997	1998	1999	5 Year Total	2000	2001	2002	2003	2004	10 Year Total
<b>PARENTAL RESPONSIBILITY</b>												
Minor Mothers	0	(45)	(50)	(50)	(50)	(195)	(50)	(50)	(55)	(55)	(60)	(485)
Comprehensive Demonstration Grants	0	50	50	50	50	200	50	50	55	60	60	475
Two-Parent Provisions	0	0	250	450	500	1,200	510	520	530	535	545	3,840
No Additional Benefits for Additional Children	(20)	(50)	(125)	(200)	(265)	(660)	(275)	(285)	(300)	(310)	(320)	(2,150)
<b>Child Support Enforcement</b>												
Paternity Establishment (Net)	5	20	(110)	(165)	(215)	(465)	(240)	(280)	(305)	(330)	(355)	(1,975)
Enforcement (Net)	(10)	(20)	(65)	(80)	(320)	(465)	(445)	(635)	(910)	(955)	(1,015)	(4,855)
Computer Costs	15	35	95	180	160	465	155	130	115	110	110	1,085
Non-Custodial Parent Provisions	0	15	95	130	205	445	285	335	365	415	455	2,300
Access Grants and Parenting Demonstrations	20	25	30	30	30	135	30	30	30	30	30	285
Child Support Assurance Demonstrations	0	0	100	200	250	550	250	250	250	200	0	1,500
<b>SUBTOTAL, CSE</b>	<b>30</b>	<b>75</b>	<b>145</b>	<b>275</b>	<b>110</b>	<b>635</b>	<b>35</b>	<b>(370)</b>	<b>(455)</b>	<b>(530)</b>	<b>(775)</b>	<b>(1,460)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>												
JOBS-Prep	0	15	90	100	110	315	130	160	210	260	325	1,400
Additional JOBS Spending	0	140	880	1,100	1,160	3,280	1,040	1,020	1,010	1,100	1,190	8,640
Additional Child Care for JOBS	0	140	635	785	825	2,385	735	700	665	720	750	5,655
WORK Program	0	0	0	100	780	880	1,680	2,170	2,430	2,790	3,020	12,970
Additional Child Care for WORK	0	0	0	45	335	380	720	835	1,050	1,190	1,275	5,550
Savings from Child Care and Other Expansion	0	0	0	(10)	(80)	(90)	(175)	(240)	(290)	(350)	(400)	(1,545)
Transitional Child Care:	0	10	165	240	330	745	385	445	490	560	630	3,255
Enhanced Teen Case Management	0	20	55	65	70	210	80	85	90	90	85	650
Economic Development	0	0	100	100	100	300	100	100	100	100	0	700
Savings - Caseload Reduction	0	0	(80)	(250)	(190)	(520)	(270)	(690)	(1,230)	(1,330)	(1,690)	(5,730)
ADP Federal and State Systems/Admin Efficiency	50	50	95	210	275	680	170	45	(20)	(25)	(25)	825
<b>SUBTOTAL, JOBS/WORK</b>	<b>50</b>	<b>375</b>	<b>1,940</b>	<b>2,465</b>	<b>3,715</b>	<b>8,565</b>	<b>4,595</b>	<b>4,730</b>	<b>4,505</b>	<b>5,105</b>	<b>5,170</b>	<b>32,670</b>
<b>MAKING WORK PAY</b>												
Working Poor Child Care (Capped at \$2b)	0	500	1,000	1,500	2,000	5,000	2,080	2,163	2,250	2,340	2,433	16,266
Advance EITC	0	0	0	0	0	0	0	0	0	0	0	0
Assets, Coordination, disregards	100	200	200	250	250	1,000	260	270	280	290	300	2,400
<b>GRAND TOTAL - OPTION A</b>	<b>160</b>	<b>1,105</b>	<b>3,410</b>	<b>4,760</b>	<b>6,310</b>	<b>15,745</b>	<b>7,205</b>	<b>7,028</b>	<b>6,810</b>	<b>7,435</b>	<b>7,353</b>	<b>51,576</b>
<b>GRAND TOTAL - OPTION B (UP provision costs 0)</b>	<b>160</b>	<b>1,105</b>	<b>3,180</b>	<b>4,310</b>	<b>5,810</b>	<b>14,545</b>	<b>6,895</b>	<b>6,508</b>	<b>6,280</b>	<b>6,900</b>	<b>6,808</b>	<b>47,736</b>
<b>GRAND TOTAL - OPTION C (UP provision costs 0, Working Poor Child Care at \$1b in 99, Demonstrations cut by 25%)</b>	<b>155</b>	<b>836</b>	<b>2,590</b>	<b>3,465</b>	<b>4,703</b>	<b>11,749</b>	<b>5,548</b>	<b>5,319</b>	<b>5,046</b>	<b>5,632</b>	<b>5,569</b>	<b>38,863</b>
<b>GRAND TOTAL - OPTION D (UP provision costs 0, Working Poor Child Care at 0, Demonstrations cut by 50%)</b>	<b>150</b>	<b>568</b>	<b>2,020</b>	<b>2,620</b>	<b>3,585</b>	<b>8,953</b>	<b>4,400</b>	<b>4,130</b>	<b>3,813</b>	<b>4,365</b>	<b>4,330</b>	<b>29,990</b>

- 10% of (JOBS Prep + JOBS + WORK)

- conservative, could be dropped if OMB says so.

Note: Parentheses denote savings.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group co-chairs.

SEE APPENDIX FOR ENDNOTES TO TABLE

3/18, 2:10 PM  
(Welf/Maxwell)

**TABLE 1 - PRELIMINARY COST ESTIMATES (FEDERAL AND STATE)  
FOR A HYPOTHETICAL WELFARE REFORM PROPOSAL**  
(By fiscal year, in millions of dollars)  
(24 month WORK program followed by assessment leading to 10% sanction, 50% WORK and 40% pre-JOBS)  
(Welfare and Nonwelfare Impacts) - OPTION A

	1995	1996	1997	1998	1999	5 Year Total	2000	2001	2002	2003	2004	10 Year Total
<b>PARENTAL RESPONSIBILITY</b>												
Minor Mothers	0	(45)	(50)	(50)	(50)	(195)	(50)	(50)	(55)	(55)	(60)	(485)
Comprehensive Demonstration Grants	0	25	25	25	25	100	25	25	28	30	30	238
Two-Parent Provisions	0	0	250	450	500	1,200	510	520	530	535	545	3,840
No Additional Benefits for Additional Children	(20)	(50)	(125)	(200)	(265)	(660)	(275)	(285)	(300)	(310)	(320)	(2,150)
<b>Child Support Enforcement</b>												
Paternity Establishment (Net)	5	20	(110)	(165)	(215)	(465)	(240)	(280)	(305)	(330)	(355)	(1,975)
Enforcement (Net)	(10)	(20)	(65)	(80)	(320)	(495)	(445)	(635)	(610)	(955)	(1,015)	(4,655)
Computer Costs	15	35	85	160	160	465	155	130	115	110	110	1,085
Non-Custodial Parent Provisions	0	15	95	125	195	430	255	285	305	335	355	1,985
Access Grants and Parenting Demonstrations	20	25	30	30	30	135	30	30	30	30	30	285
Child Support Assurance Demonstrations	0	0	100	-200	250	550	250	250	250	200	0	1,500
<b>SUBTOTAL, CSE</b>	<b>30</b>	<b>75</b>	<b>145</b>	<b>270</b>	<b>100</b>	<b>620</b>	<b>5</b>	<b>(420)</b>	<b>(515)</b>	<b>(610)</b>	<b>(675)</b>	<b>(1,795)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>												
<b>JOBS-Prep</b>												
JOBS-Prep	0	15	90	100	110	315	120	145	185	225	275	1,265
Additional JOBS Spending	0	120	850	1,040	1,090	3,100	850	750	680	690	680	6,750
Additional Child Care for JOBS	0	120	610	750	770	2,250	590	515	450	435	410	4,650
<b>WORK Program</b>												
WORK Program	0	0	0	90	760	850	1,560	1,970	2,160	2,430	2,570	11,540
Additional Child Care for WORK	0	0	0	40	325	365	670	650	930	1,035	1,080	4,930
Savings from Child Care and Other Expansion	0	0	0	(10)	(60)	(90)	(165)	(220)	(260)	(305)	(340)	(1,380)
<b>Transitional Child Care</b>	<b>0</b>	<b>10</b>	<b>160</b>	<b>235</b>	<b>320</b>	<b>725</b>	<b>360</b>	<b>400</b>	<b>430</b>	<b>490</b>	<b>530</b>	<b>2,935</b>
<b>Enhanced Teen Case Management</b>	<b>0</b>	<b>20</b>	<b>55</b>	<b>65</b>	<b>70</b>	<b>210</b>	<b>75</b>	<b>75</b>	<b>75</b>	<b>80</b>	<b>80</b>	<b>595</b>
<b>Economic Development</b>	<b>0</b>	<b>0</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>300</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>0</b>	<b>700</b>
<b>Savings - Caseload Reduction</b>	<b>0</b>	<b>0</b>	<b>(60)</b>	<b>(250)</b>	<b>(190)</b>	<b>(520)</b>	<b>(250)</b>	<b>(620)</b>	<b>(1,100)</b>	<b>(1,160)</b>	<b>(1,440)</b>	<b>(5,090)</b>
<b>ADP Federal and State Systems/Admin Efficiency</b>	<b>50</b>	<b>50</b>	<b>95</b>	<b>210</b>	<b>275</b>	<b>680</b>	<b>170</b>	<b>45</b>	<b>(20)</b>	<b>(25)</b>	<b>(25)</b>	<b>625</b>
<b>SUBTOTAL, JOBS/WORK</b>	<b>50</b>	<b>335</b>	<b>1,880</b>	<b>2,370</b>	<b>3,550</b>	<b>8,185</b>	<b>4,080</b>	<b>4,010</b>	<b>3,630</b>	<b>3,995</b>	<b>3,820</b>	<b>27,720</b>
<b>MAKING WORK PAY</b>												
Working Poor Child Care (Capped at \$2b)	0	500	1,000	1,500	2,000	5,000	2,080	2,163	2,250	2,340	2,433	16,266
Advance EITC	0	0	0	0	0	0	0	0	0	0	0	0
Assets, Coordination, disregards	100	200	200	250	250	1,000	260	270	280	290	300	2,400
<b>GRAND TOTAL - OPTION A</b>	<b>160</b>	<b>1,040</b>	<b>3,325</b>	<b>4,615</b>	<b>6,110</b>	<b>15,250</b>	<b>8,635</b>	<b>6,233</b>	<b>5,847</b>	<b>6,215</b>	<b>5,873</b>	<b>46,053</b>
<b>GRAND TOTAL - OPTION B (UP provision costs 0)</b>	<b>160</b>	<b>1,040</b>	<b>3,075</b>	<b>4,165</b>	<b>5,610</b>	<b>14,050</b>	<b>6,125</b>	<b>5,713</b>	<b>5,317</b>	<b>5,880</b>	<b>5,328</b>	<b>42,213</b>
<b>GRAND TOTAL - OPTION C (UP provision costs 0, Working Poor Child Care at \$1b in 99, Demonstrations cut by 25%).</b>	<b>155</b>	<b>778</b>	<b>2,511</b>	<b>3,326</b>	<b>4,509</b>	<b>11,279</b>	<b>4,864</b>	<b>4,530</b>	<b>4,090</b>	<b>4,420</b>	<b>4,097</b>	<b>33,400</b>
<b>GRAND TOTAL - OPTION D (UP provision costs 0, Working Poor Child Care at 0, Demonstrations cut by 50%).</b>	<b>150</b>	<b>515</b>	<b>1,948</b>	<b>2,488</b>	<b>3,408</b>	<b>8,508</b>	<b>3,843</b>	<b>3,348</b>	<b>2,864</b>	<b>3,160</b>	<b>2,865</b>	<b>24,588</b>

Note: Parentheses denote savings.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group co-chairs.

SEE APPENDIX FOR ENDNOTES TO TABLE

3/18, 1:45 pm

**TABLE 1 -- PRELIMINARY COST ESTIMATES (FEDERAL AND STATE)  
FOR A HYPOTHETICAL WELFARE REFORM PROPOSAL**  
(By fiscal year, in millions of dollars)  
(24 month WORK program followed by assessment leading to 10% sanction, 50% WORK and 40% pre-JOBS)  
(Welfare and Nonwelfare Impacts) - OPTION A

	1995	1996	1997	1998	1999	5 Year Total	2000	2001	2002	2003	2004	10 Year Total
<b>PARENTAL RESPONSIBILITY</b>												
Minor Mothers	0	(45)	(50)	(50)	(50)	(195)	(50)	(50)	(55)	(55)	(60)	(465)
Comprehensive Demonstration Grants	0	25	25	25	25	100	25	25	28	30	30	238
Two-Parent Provisions	0	0	250	450	500	1,200	510	520	530	535	545	3,840
No Additional Benefits for Additional Children	(20)	(50)	(125)	(200)	(265)	(660)	(275)	(285)	(300)	(310)	(320)	(2,150)
<b>Child Support Enforcement</b>												
Paternity Establishment (Net)	5	20	(110)	(165)	(215)	(465)	(240)	(280)	(305)	(330)	(355)	(1,975)
Enforcement (Net)	(10)	(20)	(65)	(80)	(320)	(495)	(445)	(635)	(610)	(655)	(1,015)	(4,855)
Computer Costs	15	35	95	160	160	465	155	130	115	110	110	1,085
Non-Custodial Parent Provisions	0	15	95	125	195	430	255	265	305	335	355	1,965
Access Grants and Parenting Demonstrations	20	25	30	30	30	135	30	30	30	30	30	285
Child Support Assurance Demonstrations	0	0	100	200	250	550	250	250	250	200	0	1,500
<b>SUBTOTAL, CSE</b>	<b>30</b>	<b>75</b>	<b>145</b>	<b>270</b>	<b>100</b>	<b>620</b>	<b>5</b>	<b>(420)</b>	<b>(515)</b>	<b>(610)</b>	<b>(875)</b>	<b>(1,795)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>												
<b>JOBS-Prep</b>												
JOBS-Prep	0	15	90	100	110	315	120	145	185	225	275	1,265
Additional JOBS Spending	0	120	650	1,040	1,090	3,100	850	750	680	690	680	6,750
Additional Child Care for JOBS	0	120	610	750	770	2,250	590	515	450	435	410	4,850
<b>WORK Program</b>												
WORK Program	0	0	0	90	760	850	1,560	1,970	2,160	2,430	2,570	11,540
Additional Child Care for WORK	0	0	0	40	325	365	670	850	930	1,035	1,080	4,930
Savings from Child Care and Other Expansion	0	0	0	(10)	(80)	(90)	(185)	(220)	(260)	(305)	(340)	(1,380)
<b>Transitional Child Care</b>												
Transitional Child Care	0	10	160	235	320	725	360	400	430	480	530	2,935
<b>Enhanced Teen Case Management</b>												
Enhanced Teen Case Management	0	20	55	65	70	210	75	75	75	80	80	595
<b>Economic Development</b>												
Economic Development	0	0	100	100	100	300	100	100	100	100	0	700
<b>Savings - Caseload Reduction</b>												
Savings - Caseload Reduction	0	0	(80)	(250)	(190)	(520)	(250)	(620)	(1,100)	(1,160)	(1,440)	(5,080)
<b>ADP Federal and State Systems/Admin Efficiency</b>												
ADP Federal and State Systems/Admin Efficiency	50	50	95	210	275	680	170	45	(20)	(25)	(25)	825
<b>SUBTOTAL, JOBS/WORK</b>	<b>50</b>	<b>335</b>	<b>1,880</b>	<b>2,370</b>	<b>3,550</b>	<b>8,165</b>	<b>4,080</b>	<b>4,010</b>	<b>3,630</b>	<b>3,665</b>	<b>3,820</b>	<b>27,720</b>
<b>MAKING WORK PAY</b>												
Working Poor Child Care (Capped at \$2b)	0	500	1,000	1,500	2,000	5,000	2,080	2,163	2,250	2,340	2,433	16,268
Advance EITC	0	0	0	0	0	0	0	0	0	0	0	0
Assets, Coordination, disregards	100	200	200	250	250	1,000	260	270	280	290	300	2,400
<b>GRAND TOTAL - OPTION A</b>	<b>160</b>	<b>1,040</b>	<b>3,325</b>	<b>4,615</b>	<b>6,110</b>	<b>15,250</b>	<b>6,635</b>	<b>6,233</b>	<b>5,847</b>	<b>6,215</b>	<b>5,673</b>	<b>46,053</b>
<b>GRAND TOTAL - OPTION B (UP provision costs 0)</b>	<b>160</b>	<b>1,065</b>	<b>3,100</b>	<b>4,190</b>	<b>5,635</b>	<b>14,150</b>	<b>6,150</b>	<b>5,738</b>	<b>5,345</b>	<b>5,710</b>	<b>5,358</b>	<b>42,451</b>
<b>GRAND TOTAL - OPTION C (UP provision costs 0, Working Poor Child Care at \$1b in 99, Demonstrations cut by 25%)</b>	<b>155</b>	<b>797</b>	<b>2,531</b>	<b>3,346</b>	<b>4,528</b>	<b>11,357</b>	<b>5,003</b>	<b>6,068</b>	<b>4,131</b>	<b>6,027</b>	<b>4,027</b>	<b>36,613</b>
<b>GRAND TOTAL - OPTION D (UP provision costs 0, Working Poor Child Care at 0, Demonstrations cut by 50%)</b>	<b>150</b>	<b>528</b>	<b>1,960</b>	<b>2,500</b>	<b>3,420</b>	<b>8,558</b>	<b>3,855</b>	<b>3,360</b>	<b>2,878</b>	<b>3,175</b>	<b>2,880</b>	<b>24,706</b>

Note: Parentheses denote savings.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group co-chairs.

SEE APPENDIX FOR ENDNOTES TO TABLE

3/18, 8am

**TABLE 1 -- PRELIMINARY COST ESTIMATES (FEDERAL AND STATE)  
FOR A HYPOTHETICAL WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)**

(24 month WORK program followed by assessment leading to 10% sanction, 50% WORK and 40% pre-JOBS)  
(Welfare and Nonwelfare Impacts) - OPTION A

	1995	1996	1997	1998	1999	5 Year Total	2000	2001	2002	2003	2004	10 Year Total
<b>PARENTAL RESPONSIBILITY</b>												
Minor Mothers	0	(45)	(60)	(50)	(50)	(195)	(50)	(50)	(55)	(55)	(60)	(485)
Comprehensive Demonstration Grants	0	50	50	50	50	200	50	50	55	60	60	475
Two-Parent Provisions	0	0	440	680	945	2,065	960	970	980	990	1,005	6,970
No Additional Benefits for Additional Children	(20)	(50)	(125)	(200)	(285)	(660)	(275)	(285)	(300)	(310)	(320)	(2,150)
<b>Child Support Enforcement</b>												
Paternity Establishment (Net)	5	20	(110)	(165)	(215)	(465)	(240)	(280)	(305)	(330)	(355)	(1,975)
Enforcement (Net)	(10)	(20)	(65)	(80)	(320)	(495)	(445)	(835)	(910)	(955)	(1,015)	(4,655)
Computer Costs	15	35	95	160	180	485	155	130	115	110	110	1,085
Non-Custodial Parent Provisions	0	25	80	115	165	385	225	275	295	340	375	1,895
Access Grants and Parenting Demonstrations	20	25	30	30	30	135	30	30	30	30	30	285
Child Support Assurance Demonstrations	0	0	100	200	250	550	250	250	250	200	0	1,500
<b>SUBTOTAL, CSE</b>	<b>30</b>	<b>85</b>	<b>130</b>	<b>260</b>	<b>70</b>	<b>575</b>	<b>(25)</b>	<b>(430)</b>	<b>(525)</b>	<b>(605)</b>	<b>(855)</b>	<b>(1,885)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>												
<b>JOBS-Prep</b>												
JOBS-Prep	0	25	80	95	100	300	115	145	180	225	280	1,245
Additional JOBS Spending	0	200	720	920	880	2,720	780	780	770	820	680	8,730
Additional Child Care for JOBS	0	150	555	720	700	2,125	815	625	615	650	680	5,310
<b>WORK Program</b>												
WORK Program	0	0	0	110	660	770	1,380	1,810	2,010	2,370	2,580	10,820
Additional Child Care for WORK	0	0	0	45	265	310	580	750	835	985	1,080	4,520
Savings from Child Care and Other Expansion	0	0	0	(5)	(35)	(40)	(75)	(100)	(120)	(145)	(170)	(650)
Transitional Child Care with Head Start	0	25	165	250	335	775	390	450	500	575	640	3,330
<b>Enhanced Teen Case Management</b>												
Enhanced Teen Case Management	0	20	55	65	85	205	75	75	75	80	85	595
<b>Economic Development</b>												
Economic Development	0	0	100	100	100	300	100	100	100	100	0	700
<b>Savings - Caseload Reduction</b>												
Savings - Caseload Reduction	0	(220)	(410)	(480)	(800)	(1,910)	(730)	(800)	(1,090)	(1,220)	(1,600)	(7,350)
<b>ADP Federal and State Systems/Admin Efficiency</b>												
ADP Federal and State Systems/Admin Efficiency	50	50	95	210	275	680	170	45	(20)	(25)	(25)	825
<b>SUBTOTAL, JOBS/WORK</b>	<b>50</b>	<b>250</b>	<b>1,360</b>	<b>2,030</b>	<b>2,545</b>	<b>6,235</b>	<b>3,380</b>	<b>3,890</b>	<b>3,655</b>	<b>4,415</b>	<b>4,410</b>	<b>26,175</b>
<b>MAKING WORK PAY</b>												
Working Poor Child Care (Capped at \$2b)	0	500	1,000	1,500	2,000	5,000	2,080	2,163	2,250	2,340	2,433	16,296
Advance EITC	0	0	0	0	0	0	0	0	0	0	0	0
<b>GRAND TOTAL - OPTION A</b>	<b>60</b>	<b>790</b>	<b>2,805</b>	<b>4,270</b>	<b>5,295</b>	<b>13,220</b>	<b>6,120</b>	<b>6,298</b>	<b>6,260</b>	<b>6,835</b>	<b>6,873</b>	<b>45,406</b>
<b>GRAND TOTAL - OPTION B (UP provision costs 0)</b>	<b>60</b>	<b>790</b>	<b>2,365</b>	<b>3,590</b>	<b>4,350</b>	<b>11,155</b>	<b>5,160</b>	<b>5,328</b>	<b>5,280</b>	<b>5,845</b>	<b>5,668</b>	<b>38,436</b>
<b>GRAND TOTAL - OPTION C (UP provision costs 0, Working Poor Child Care at \$1b in 99, Demonstrations cut by 25%)</b>	<b>55</b>	<b>521</b>	<b>1,820</b>	<b>2,770</b>	<b>3,268</b>	<b>8,434</b>	<b>4,038</b>	<b>4,164</b>	<b>4,071</b>	<b>4,602</b>	<b>4,429</b>	<b>29,738</b>
<b>GRAND TOTAL - OPTION D (UP provision costs 0, Working Poor Child Care at 0, Demonstrations cut by 50%)</b>	<b>50</b>	<b>253</b>	<b>1,275</b>	<b>1,950</b>	<b>2,185</b>	<b>5,713</b>	<b>2,915</b>	<b>3,000</b>	<b>2,883</b>	<b>3,360</b>	<b>3,190</b>	<b>21,041</b>

Note: Parentheses denote savings.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group co-chairs.

SEE APPENDIX FOR ENDNOTES TO TABLE

# COSTS

\* Program is popular. Paying for it is not (no surprise to you)

\* Not going to cost \$58B (1/2)

\* Our costs + your costs

## YOURS

1. Former gov. - how hard it is to get it at state level  
- 12 yrs on receiving end  
- opposed to unfunded mandates

2. FSA: Many states not drawing down of current match  
- BC + Moynihan understood that

3. BASIC PRINCIPLE ~~is~~ = WE PICK UP MOST OF THE TABS

\* EXPECT YOU TO DRAW DOWN ~~THE~~ current JOBS &

\* BUT NEW MONEY WILL COME AT A MUCH RICHER MATCH (LAST PIECE OF THE PUZZLE)

\* ANTICIPATE SIGNIFICANT CSE + CASELOAD SAVINGS

\* OVER TIME, THIS SHD SAVE YOU \$ (NET US, BUT YOU)

\* MANY OF NEW COSTS WILL BE OPTIONAL

~~AAA~~

\* WORK DISREGARDS, DEMONSTRATIONS, 2-PARENT, ASSET CHANGES

## OUR COSTS

- 10-12/5, 30/10

- CONSERVATIVE ESTIMATES - NOT cutting corners

- CBO SCORING RULES - overfunded

## OFFSETS

1. GOP. PLAN:

1. Non-citizens - 1/2 savings from Medicaid - shift to states (GOP goes)

2. Block grant nutrition - cut by 5% + capped

2. OURS - BALANCE

1. Goals - something to beat GOP

2. New Demo

1. Taxing poor people

2. Child only costs

**TABLE 3 - PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)**

	5 Year Total	5 Year Federal at 80%	10 Year Total	10 Year Federal at 80%
<b>PARENTAL RESPONSIBILITY</b>				
Minor Mothers	(85)	(30)	(210)	(85)
No Additional Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Child Support Enforcement				
Paternity Establishment (Net)	(535)	(90)	(2,080)	(400)
Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Computer Costs	465	370	1,085	870
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(130)</b>	<b>(8,055)</b>	<b>(1,980)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
JOBS-Prep	305	245	1,255	1,005
Additional JOBS Spending	2,670	2,135	7,220	5,775
Additional Child Care for JOBS	1,880	1,505	4,995	3,995
WORK Program	790	630	10,890	8,710
Additional Child Care for WORK	365	290	4,985	3,990
Savings from Child Care and Other Expansion	(90)	(50)	(1,375)	(755)
Transitional Child Care	560	450	2,580	2,065
Enhanced Teen Case Management	210	170	595	475
Savings - Caseload Reduction	(520)	(285)	(5,090)	(2,800)
ADP Federal and State Systems/Admin Efficiency	680	580	825	775
<b>SUBTOTAL, JOBS/WORK</b>	<b>6,850</b>	<b>5,670</b>	<b>26,880</b>	<b>23,235</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>5,630</b>	<b>5,540</b>	<b>18,825</b>	<b>21,255</b>
<b>WORKING POOR CHILD CARE (Capped at \$2h in net spending).</b>	<b>5,000</b>	<b>4,000</b>	<b>16,270</b>	<b>13,015</b>
<b>REMOVE TWO PARENT (UP) RESTRICTIONS</b>	<b>1,505</b>	<b>830</b>	<b>5,615</b>	<b>3,100</b>
Comprehensive Demonstration Grants	200	200	350	350
Non-Custodial Parent JOBS/WORK	375	300	1,940	1,550
Access Grants and Parenting Demonstrations	135	110	285	230
Child Support Assurance Demonstrations	550	440	1,500	1,200
IDA and Microenterprise Demonstrations	300	240	700	560
<b>SUBTOTAL DEMONSTRATIONS</b>	<b>1,560</b>	<b>1,290</b>	<b>4,775</b>	<b>3,890</b>
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>				
State Flexibility on Earned Income and Child Support Disregards	710	385	2,225	850
Generally Conform Assets to Food Stamps	265	100	655	240
Increase Territories' Caps	185	185	535	535
All Others	275	310	605	680
<b>SUBTOTAL IGA</b>	<b>1,435</b>	<b>980</b>	<b>4,020</b>	<b>2,305</b>
<b>GRAND TOTAL</b>	<b>15,130</b>	<b>12,640</b>	<b>49,505</b>	<b>43,565</b>
<b>OPTION 1 - No Child Care, 2 Parent, Demos or IGA</b>	<b>5,630</b>	<b>5,540</b>	<b>18,825</b>	<b>21,255</b>
<b>OPTION 2 - No 2 Parent, 50% Child Care, 50% Demos and 50% IGA</b>	<b>9,628</b>	<b>8,675</b>	<b>31,358</b>	<b>30,860</b>
<b>OPTION 3 - 50% Child Care, 50% Demos, and 50% IGA</b>	<b>11,133</b>	<b>9,505</b>	<b>36,973</b>	<b>33,960</b>
<b>OPTION 4 - 50% Demos and 50% IGA</b>	<b>13,633</b>	<b>11,505</b>	<b>45,108</b>	<b>40,468</b>
<b>OPTION 5 - TOTAL PLAN</b>	<b>15,130</b>	<b>12,640</b>	<b>49,505</b>	<b>43,565</b>

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

**TABLE 3 - PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL  
(By fiscal year; in millions of dollars)  
(Mary Jo Bane Option)**

	5 Year Total	5 Year Federal at 80%	10 Year Total	10 Year Federal at 80%
<b>PARENTAL RESPONSIBILITY</b>				
Minor Mothers	(85)	(30)	(210)	(85)
No Additional Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Child Support Enforcement				
Paternity Establishment (Net)	(535)	(90)	(2,080)	(400)
Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Computer Costs	465	370	1,085	870
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(130)</b>	<b>(8,055)</b>	<b>(1,980)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
JOBS-Prep	305	245	1,255	1,005
Additional JOBS Spending	2,670	2,135	7,220	5,775
Additional Child Care for JOBS	1,880	1,505	4,995	3,995
WORK Program	790	630	10,890	8,710
Additional Child Care for WORK	365	290	4,985	3,990
Savings from Child Care and Other Expansion	(90)	(50)	(1,375)	(755)
Transitional Child Care	560	450	2,580	2,065
Enhanced Teen Case Management	210	170	595	475
Savings - Caseload Reduction	(520)	(285)	(5,090)	(2,800)
ADP Federal and State Systems/Admin Efficiency	680	580	825	775
<b>SUBTOTAL, JOBS/WORK</b>	<b>6,850</b>	<b>5,670</b>	<b>26,880</b>	<b>23,235</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>5,630</b>	<b>5,540</b>	<b>18,825</b>	<b>21,255</b>
<b>WORKING POOR CHILD CARE (Capped at \$2b in net spending)</b>	<b>5,000</b>	<b>4,000</b>	<b>16,270</b>	<b>13,015</b>
<b>REMOVE TWO PARENT (UP) RESTRICTIONS</b>	<b>895</b>	<b>495</b>	<b>2,875</b>	<b>1,580</b>
Comprehensive Demonstration Grants	200	200	350	350
Non-Custodial Parent JOBS/WORK	190	150	970	775
Access Grants and Parenting Demonstrations	70	55	145	115
Child Support Assurance Demonstrations	275	220	750	600
IDA and Microenterprise Demonstrations	150	120	350	280
<b>SUBTOTAL DEMONSTRATIONS</b>	<b>885</b>	<b>745</b>	<b>2,565</b>	<b>2,120</b>
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>				
State Flexibility on Earned Income and Child Support Disregards	710	385	2,225	850
Generally Conform Assets to Food Stamps	135	50	330	120
Increase Territories' Caps	185	185	535	535
All Others	275	310	605	680
<b>SUBTOTAL IGA</b>	<b>1,305</b>	<b>930</b>	<b>3,695</b>	<b>2,185</b>
<b>GRAND TOTAL</b>	<b>13,715</b>	<b>11,710</b>	<b>44,230</b>	<b>40,155</b>
Regulations	2,250	1,625	5,685	3,975

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

**TABLE 3 - PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL**

(By fiscal year, in millions of dollars)

(David Ellwood's Option, Full Phase-In in FY 1996)

	5 Year Total	5 Year Federal	10 Year Total	10 Year Federal
<b>PARENTAL RESPONSIBILITY</b>				
Minor Mothers	(85)	(30)	(210)	(85)
No Additional Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Child Support Enforcement				
Paternity Establishment (Net)	(535)	(90)	(2,080)	(400)
Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Computer Costs	465	420	-1,085	975
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(80)</b>	<b>(8,055)</b>	<b>(1,875)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
JOBS-Prep	375	300	1,370	1,095
Additional JOBS Spending	2,870	2,295	7,110	5,690
Additional Child Care for JOBS	2,010	1,610	4,910	3,930
WORK Program	1,660	1,330	11,490	9,190
Additional Child Care for WORK	760	610	5,240	4,190
Savings from Child Care and Other Expansion	(185)	(100)	(1,480)	(815)
Transitional Child Care	555	445	2,565	2,050
Enhanced Teen Case Management	210	170	595	475
Savings - Caseload Reduction	(390)	(215)	(6,070)	(3,340)
ADP Federal and State Systems/Admin Efficiency	680	545	825	660
<b>SUBTOTAL, JOBS/WORK</b>	<b>8,545</b>	<b>6,990</b>	<b>26,555</b>	<b>23,125</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>7,325</b>	<b>6,910</b>	<b>18,500</b>	<b>21,250</b>
WORKING POOR CHILD CARE (Capped at \$2h in net spending)	5,000	4,000	16,270	13,015
REMOVE TWO PARENT (UP) RESTRICTIONS	895	495	2,875	1,580
Comprehensive Demonstration Grants	200	200	350	350
Non-Custodial Parent JOBS/WORK and Access Grants and Parenting Demonstrations	400	320	1,780	1,425
Child Support Assurance Demonstrations	300	240	825	660
IDA and Microenterprise Demonstrations	150	120	350	310
<b>SUBTOTAL DEMONSTRATIONS</b>	<b>1,050</b>	<b>880</b>	<b>3,305</b>	<b>2,745</b>
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>				
State Flexibility on Earned Income and Child Support Disregards	710	385	2,225	850
Generally Conform Assets to Food Stamps	265	100	655	240
Increase Territories' Caps	185	185	535	535
All Others	275	310	605	680
<b>SUBTOTAL IGA</b>	<b>1,435</b>	<b>980</b>	<b>4,020</b>	<b>2,305</b>
<b>GRAND TOTAL</b>	<b>15,705</b>	<b>13,265</b>	<b>44,970</b>	<b>40,895</b>
Regulations	2,250	1,625	5,685	3,975

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 90% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Note 3: Full 1996 represents full phase-in in first year; 20% 1996 represents a 20% phase-in in first year. Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

**TABLE 3 -- PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)  
(David Ellwood Option, 20% Phase-In)**

	5 Year Total	5 Year Federal at 80%	10 Year Total	10 Year Federal at 80%
<b>PARENTAL RESPONSIBILITY</b>				
Minor Mothers	(85)	(30)	(210)	(85)
No Additional Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Child Support Enforcement				
Paternity Establishment (Net)	(535)	(90)	(2,080)	(400)
Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Computer Costs	465	370	1,085	870
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(130)</b>	<b>(8,055)</b>	<b>(1,980)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
JOBS-Prep	305	245	1,255	1,005
Additional JOBS Spending	2,670	2,135	7,220	5,775
Additional Child Care for JOBS	1,880	1,505	4,995	3,995
WORK Program	790	630	10,890	8,710
Additional Child Care for WORK	365	290	4,985	3,990
Savings from Child Care and Other Expansion	(90)	(50)	(1,375)	(755)
Transitional Child Care	560	450	2,580	2,065
Enhanced Teen Case Management	210	170	595	475
Savings - Caseload Reduction	(520)	(285)	(5,090)	(2,800)
ADP Federal and State Systems/Admin Efficiency	680	580	825	775
<b>SUBTOTAL, JOBS/WORK</b>	<b>6,850</b>	<b>5,670</b>	<b>26,880</b>	<b>23,235</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP.</b>	<b>5,630</b>	<b>5,540</b>	<b>18,825</b>	<b>21,255</b>
<b>WORKING POOR CHILD CARE (Capped at \$2h in net spending).</b>	<b>5,000</b>	<b>4,000</b>	<b>16,270</b>	<b>13,015</b>
<b>REMOVE TWO PARENT (UP) RESTRICTIONS</b>	<b>895</b>	<b>495</b>	<b>2,875</b>	<b>1,580</b>
Comprehensive Demonstration Grants	200	200	350	350
Non-Custodial Parent JOBS/WORK and Access Grants and Parenting Demonstrations	400	320	1,780	1,425
Child Support Assurance Demonstrations	300	240	825	660
IDA and Microenterprise Demonstrations	150	120	350	310
<b>SUBTOTAL DEMONSTRATIONS</b>	<b>1,050</b>	<b>880</b>	<b>3,305</b>	<b>2,745</b>
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>				
State Flexibility on Earned Income and Child Support Disregards	710	385	2,225	850
Generally Conform Assets to Food Stamps	265	100	655	240
Increase Territories' Caps	185	185	535	535
All Others	275	310	605	680
<b>SUBTOTAL IGA</b>	<b>1,435</b>	<b>980</b>	<b>4,020</b>	<b>2,305</b>
<b>GRAND TOTAL</b>	<b>14,010</b>	<b>11,895</b>	<b>45,295</b>	<b>40,900</b>
Regulations	2,250	1,625	5,685	3,975

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates

specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

**TABLE 3 – PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)  
(Wendell Primus Option)**

	5 Year Total	5 Year Federal at 80%	10 Year Total	10 Year Federal at 80%
<b>PARENTAL RESPONSIBILITY</b>				
Minor Mothers	(85)	(30)	(210)	(85)
No Additional Benefits for Additional Children	0	0	0	0
Child Support Enforcement				
Paternity Establishment (Net)	(535)	(90)	(2,080)	(400)
Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Computer Costs	465	370	1,085	870
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(560)</b>	<b>90</b>	<b>(5,905)</b>	<b>(1,170)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
JOBS-Prep	0	0	0	0
Additional JOBS Spending	2,670	2,135	7,220	5,775
Additional Child Care for JOBS	1,880	1,505	4,995	3,995
WORK Program	790	630	10,890	8,710
Additional Child Care for WORK	365	290	4,985	3,990
Savings from Child Care and Other Expansion	(90)	(50)	(1,375)	(755)
Transitional Child Care	560	450	2,580	2,065
Enhanced Teen Case Management	210	170	595	475
Savings - Caseload Reduction	(520)	(285)	(5,090)	(2,800)
ADP Federal and State Systems/Admin Efficiency	680	580	825	775
<b>SUBTOTAL, JOBS/WORK</b>	<b>6,545</b>	<b>5,425</b>	<b>25,625</b>	<b>22,230</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>5,985</b>	<b>5,515</b>	<b>19,720</b>	<b>21,060</b>
<b>WORKING POOR CHILD CARE (Paid for out of revenues).</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>REMOVE TWO PARENT (UP) RESTRICTIONS</b>	<b>1,505</b>	<b>830</b>	<b>5,615</b>	<b>3,100</b>
Comprehensive Demonstration Grants	200	200	350	350
Non-Custodial Parent JOBS/WORK	345	275	1,810	1,450
Access Grants and Parenting Demonstrations	135	110	285	230
Child Support Assurance Demonstrations	450	360	1,000	800
IDA and Microenterprise Demonstrations	300	240	500	250
<b>SUBTOTAL DEMONSTRATIONS</b>	<b>1,430</b>	<b>1,185</b>	<b>3,945</b>	<b>3,080</b>
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>				
State Flexibility on Earned Income and Child Support Disregards	710	385	2,225	850
Generally Conform Assets to Food Stamps	265	100	655	240
Increase Territories' Caps	185	185	535	535
All Others	275	310	605	680
<b>SUBTOTAL IGA</b>	<b>1,435</b>	<b>980</b>	<b>4,020</b>	<b>2,305</b>
<b>GRAND TOTAL</b>	<b>10,355</b>	<b>8,510</b>	<b>33,300</b>	<b>29,545</b>
Regulations	2,485	1,755	6,670	4,515

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

WR - \$

Belle Sawhill

TO: Mary Jo Bane  
David Ellwood  
Wendell Primus

SUBJECT: Summary of Attached Tables on Welfare Reform Options

DATE: April 6, 1994

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Attached are five tables that display the costs of various welfare reform options. All total costs are matched at an 80 percent federal match rate except for the following:

- AFDC and Food Stamp benefits are matched at current match rates,
- child support is matched at rates specified in the hypothetical plan,
- comprehensive demonstration grants are matched at a 100 percent federal match.

We do not show costs on these tables for changes that will be made through regulation rather than statute.

Following is a description of these options and costs.

1

This is the option that was priced for the Presidential briefing on March 22, with several changes in the "Improving Government Assistance" (IGA) section. Under this plan, 20 percent of our target population would be phased in during FY 1996, the first year of implementation. This plan yields a five year total cost of \$15 billion and a five year federal cost of \$12 billion.

In comparison to the table for the President's briefing, we have made the following changes in the IGA section:

The UP parent provision reflects the fact that some of the changes in the 100 hour rule will be accomplished through regulation and not statute; this portion of the change will not yield a scorable cost. Also, overall costs were revised downward.

We changed the earned income disregards to \$120 per month, indexed to inflation, and the child support disregard of \$50, indexed to inflation, with state flexibility to disregard income above those amounts. There would be complete flexibility in fill the gap policies.

There are no longer costs attached to the changes in the rules governing IDA's and microenterprises.

We increase the territories' cap by 50 percent rather than 100 percent.

The change in automobile and accounting procedures will be by regulation.

Table 2

Table 2 costs out the same plan as shown in Table 1 except that this plan fully phases in the budget group in FY 1996. This plan yields a five year total cost of \$17 billion and a five year federal cost of \$14 billion.

Table 3

Table 3, we use the same basic plan as Table 2 (with the full phase-in in FY 1996) with the following adjustments:

Working Poor Child Care is capped at \$1.5 billion (decreased from \$2 billion) in FY 1999, yielding a five year federal cost of \$3 billion.

The UP Provision is a state option.

Demonstration programs (except for comprehensive prevention demonstrations) have been reduced.

Total five year cost of this plan is \$14 billion with a five year federal cost of \$12 billion.

Table 4

Table 4 is the same as Table 3 with the following adjustments:

The cost of JOBS-Prep is set at 0.

Working Poor Child Care is capped at \$1 billion in FY 1999, yielding a five year federal cost of \$2 billion.

Demonstration programs (except for comprehensive prevention demonstrations) have been reduced by 50% from the level of spending shown in Table 3.

The policy of conforming asset rules to those in Food Stamps remains but the asset limits will not be increased.

There is no increase in the territories' cap.

This plan yields a total five year cost of \$12 billion with a five year federal cost of

\$10 billion.

Table 5

Table 5 is the same as Table 4 with the following adjustments:

We return to the Table 1 policy of phasing in 20 percent of the target group in FY 1996.

We reduce Working Poor Child Care to \$500 million in FY 1999, yielding a five year federal cost of \$1 billion.

This plan yields a total five year cost of \$9 billion and a five year federal cost of \$8 billion.

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**TABLE 1 - PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL**  
(By fiscal year, in millions of dollars)

	5 Year Total	5 Year Federal	10 Year Total	10 Year Federal
<b>PARENTAL RESPONSIBILITY</b>				
For Mothers	(85)	(30)	(210)	(85)
Additional Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Support Enforcement				
Community Establishment (Net)	(535)	(90)	(2,080)	(400)
Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Computer Costs	465	370	1,085	870
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(130)</b>	<b>(8,055)</b>	<b>(1,980)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
Prep	305	245	1,255	1,005
Additional JOBS Spending	2,670	2,135	7,220	5,775
Additional Child Care for JOBS	1,880	1,505	4,995	3,995
Program	790	630	10,890	8,710
Additional Child Care for WORK	365	290	4,985	3,990
From Child Care and Other Expansion	(90)	(50)	(1,375)	(755)
Additional Child Care	560	450	2,580	2,065
Teen Case Management	210	170	595	475
Caseload Reduction	(520)	(285)	(5,090)	(2,800)
Federal and State Systems/Admin Efficiency	680	580	825	775
<b>SUBTOTAL, JOBS/WORK</b>	<b>6,850</b>	<b>5,670</b>	<b>26,880</b>	<b>23,235</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>5,630</b>	<b>5,540</b>	<b>18,825</b>	<b>21,255</b>
<b>ENDING POOR CHILD CARE (Capped at \$2b spending).</b>	<b>5,000</b>	<b>4,000</b>	<b>16,270</b>	<b>13,015</b>
<b>THE TWO PARENT (UP) RESTRICTIONS</b>	<b>1,505</b>	<b>830</b>	<b>5,615</b>	<b>3,100</b>
Comprehensive Demonstration Grants	200	200	350	350
Medial Parent JOBS/WORK	375	300	1,940	1,550
Grants and Parenting Demonstrations	135	110	285	230
Support Assurance Demonstrations	550	440	1,500	1,200
Microenterprise Demonstrations	300	240	700	560
<b>SUBTOTAL DEMONSTRATIONS</b>	<b>1,560</b>	<b>1,290</b>	<b>4,775</b>	<b>3,890</b>
<b>ENDING GOVERNMENT ASSISTANCE (IGA)</b>				
Ability on Earned Income	710	385	2,225	850
Child Support Disregards	265	100	655	240
Conform Assets to Food Stamps	185	185	535	535
Territories' Caps	(75)	(5)	(165)	(5)
<b>SUBTOTAL IGA</b>	<b>1,085</b>	<b>665</b>	<b>3,250</b>	<b>1,620</b>
<b>TOTAL</b>	<b>14,780</b>	<b>12,325</b>	<b>48,735</b>	<b>42,880</b>

Table with 20% Phase-In in FY 1996 with Adjustments in IGA

parentheses denote savings.

Five Year and Ten Year Federal estimates represent 80% of all expenditures except for following: benefits are at current match rates; child support is matched at rates

specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

DHHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

04/05/94

TABLE 2 -- PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)

	5 Year Total	5 Year Federal	10 Year Total	10 Year Federal
<b>PARENTAL RESPONSIBILITY</b>				
Mothers	(85)	(30)	(210)	(85)
Additional Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Support Enforcement				
Child Support Establishment (Net)	(535)	(90)	(2,080)	(400)
Child Support Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Other Costs	465	370	1,085	870
<b>TOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(130)</b>	<b>(8,055)</b>	<b>(1,980)</b>
<b>ADDITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
Job	375	300	1,370	1,095
Job Spending	2,870	2,295	7,110	5,690
Child Care for JOBS	2,010	1,610	4,910	3,930
Program	1,660	1,330	11,490	9,190
Child Care for WORK	760	610	5,240	4,190
Child Care and Other Expansion	(185)	(100)	(1,480)	(815)
Child Care	555	445	2,565	2,050
Case Management	210	170	595	475
Unemployment Reduction	(390)	(215)	(6,070)	(3,340)
Federal and State Systems/Admin Efficiency	680	545	825	660
<b>TOTAL, JOBS/WORK</b>	<b>8,545</b>	<b>6,990</b>	<b>26,555</b>	<b>23,125</b>
<b>TOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>7,325</b>	<b>6,860</b>	<b>18,500</b>	<b>21,145</b>
<b>FOR POOR CHILD CARE (Capped at \$2 billion funding).</b>	<b>5,000</b>	<b>4,000</b>	<b>16,270</b>	<b>13,015</b>
<b>TWO PARENT (UP) RESTRICTIONS</b>	<b>1,505</b>	<b>830</b>	<b>5,615</b>	<b>3,100</b>
Comprehensive Demonstration Grants	200	200	350	350
Child Support Parent JOBS/WORK	490	390	2,000	1,600
Child Support and Parenting Demonstrations	135	110	285	230
Child Support Assurance Demonstrations	550	440	1,500	1,200
Child Support Enterprise Demonstrations	300	240	700	560
<b>TOTAL DEMONSTRATIONS</b>	<b>1,675</b>	<b>1,380</b>	<b>4,835</b>	<b>3,940</b>
<b>ADDITIONAL GOVERNMENT ASSISTANCE (IGA)</b>				
Ability to Earned Income				
Child Support Disregards	710	385	2,225	850
Child Support Assets to Food Stamps	265	100	655	240
Child Support Territories' Caps	185	185	535	535
	(75)	(5)	(165)	(5)
<b>TOTAL IGA</b>	<b>1,085</b>	<b>665</b>	<b>3,250</b>	<b>1,620</b>
<b>TOTAL</b>	<b>16,590</b>	<b>13,735</b>	<b>48,470</b>	<b>42,820</b>

Table with Full Phase-In in FY 1996 with Adjustments in IGA

(Parentheses denote savings.)

Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates

included in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but

not officially reviewed by OMB. The policies do not represent a consensus recommendation

Working Group Co-Chairs.

04/05/94

**TABLE 3 -- PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)**

	5 Year Total	5 Year Federal	10 Year Total	10 Year Federal
<b>PARENTAL RESPONSIBILITY</b>				
Child Support	(85)	(30)	(210)	(85)
Child Support Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Child Support Enforcement				
Child Support Establishment (Net)	(535)	(90)	(2,080)	(400)
Child Support Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Child Support Costs	465	370	1,085	870
<b>TOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(130)</b>	<b>(8,055)</b>	<b>(1,980)</b>
<b>ADDITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
Child Support	375	300	1,370	1,095
Child Support JOBS Spending	2,870	2,295	7,110	5,690
Child Support Child Care for JOBS	2,010	1,610	4,910	3,930
Child Support Program	1,660	1,330	11,490	9,190
Child Support Child Care for WORK	760	610	5,240	4,190
Child Support Child Care and Other Expansion	(185)	(100)	(1,480)	(815)
Child Support Child Care	555	445	2,565	2,050
Child Support Case Management	210	170	595	475
Child Support Load Reduction	(390)	(215)	(6,070)	(3,340)
Child Support Federal and State Systems/Admin Efficiency	680	545	825	660
<b>TOTAL, JOBS/WORK</b>	<b>8,545</b>	<b>6,990</b>	<b>26,555</b>	<b>23,125</b>
<b>TOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>7,325</b>	<b>6,860</b>	<b>18,500</b>	<b>21,145</b>
Working Poor Child Care (Capped at \$1.5 billion including)	3,750	3,000	12,185	9,750
Working Poor TWO PARENT (UP) RESTRICTIONS	895	495	2,875	1,580
Working Poor Comprehensive Demonstration Grants	200	200	350	350
Working Poor Child Parent JOBS/WORK and Grants and Parenting Demonstrations	400	320	1,780	1,425
Working Poor Child Support Assurance Demonstrations	300	240	825	660
Working Poor Child Enterprise Demonstrations	150	120	350	310
<b>TOTAL DEMONSTRATIONS</b>	<b>1,050</b>	<b>880</b>	<b>3,305</b>	<b>2,745</b>
<b>WORKING POOR GOVERNMENT ASSISTANCE (IGA)</b>				
Working Poor Eligibility on Earned Income	710	385	2,225	850
Working Poor Support Disregards	265	100	655	240
Working Poor Conform Assets to Food Stamps	185	185	535	535
Working Poor Priorities' Caps	(75)	(5)	(165)	(5)
<b>TOTAL IGA</b>	<b>1,085</b>	<b>665</b>	<b>3,250</b>	<b>1,620</b>
<b>TOTAL</b>	<b>14,105</b>	<b>11,990</b>	<b>40,115</b>	<b>36,840</b>

Table with Full Phase-In in FY 1996 with Adjustments in IGA, Working Poor Child Care,  
Grants; UP Parent Provision as State Option.

Paraphrases denotes savings.

Five Year and Ten-Year Federal estimates represent 80% of all expenditures except for  
the following: benefits are at current match rates; child support is matched at rates

specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

These estimates have been shared with staff within HHS and OMB but

have not been officially reviewed by OMB. The policies do not represent a consensus recommendation

of the Working Group Co-Chairs.

04/05/94

**TABLE 4 - PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)**

	5 Year Total	5 Year Federal	10 Year Total	10 Year Federal
<b>PARENTAL RESPONSIBILITY</b>				
Child Support	(85)	(30)	(210)	(85)
Additional Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Child Support Enforcement				
Child Support Establishment (Net)	(535)	(90)	(2,080)	(400)
Child Support Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Child Support Costs	465	370	1,085	870
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(130)</b>	<b>(8,055)</b>	<b>(1,980)</b>
<b>ADDITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
Prep	0	0	0	0
Child Support JOBS Spending	2,870	2,295	7,110	5,690
Child Support Child Care for JOBS	2,010	1,610	4,910	3,930
Child Support Program	1,660	1,330	11,490	9,190
Child Support Child Care for WORK	760	610	5,240	4,190
Child Support Child Care and Other Expansion	(185)	(100)	(1,480)	(815)
Child Support Child Care	555	445	2,565	2,050
Child Support Teen Case Management	210	170	595	475
Child Support Caseload Reduction	(390)	(215)	(6,070)	(3,340)
Child Support Federal and State Systems/Admin Efficiency	680	545	825	660
<b>SUBTOTAL, JOBS/WORK</b>	<b>8,170</b>	<b>6,690</b>	<b>25,185</b>	<b>22,030</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>6,950</b>	<b>6,560</b>	<b>17,130</b>	<b>20,050</b>
<b>WORKING POOR CHILD CARE (Capped at \$1 billion in spending)</b>	<b>2,500</b>	<b>2,000</b>	<b>8,130</b>	<b>6,505</b>
<b>WORKING TWO PARENT (UP) RESTRICTIONS</b>	<b>895</b>	<b>495</b>	<b>2,875</b>	<b>1,580</b>
<b>WORKING Comprehensive Demonstration Grants</b>	<b>200</b>	<b>200</b>	<b>350</b>	<b>350</b>
<b>WORKING Special Parent JOBS/WORK and Grants and Parenting Demonstrations</b>	<b>200</b>	<b>160</b>	<b>890</b>	<b>710</b>
<b>WORKING Support Assurance Demonstrations</b>	<b>150</b>	<b>120</b>	<b>415</b>	<b>330</b>
<b>WORKING Microenterprise Demonstrations</b>	<b>75</b>	<b>60</b>	<b>175</b>	<b>140</b>
<b>SUBTOTAL DEMONSTRATIONS</b>	<b>625</b>	<b>540</b>	<b>1,830</b>	<b>1,530</b>
<b>WORKING GOVERNMENT ASSISTANCE (IGA)</b>				
<b>WORKING Eligibility on Earned Income and Support Disregards to Conform (but not Increase)</b>	<b>710</b>	<b>385</b>	<b>2,225</b>	<b>850</b>
<b>WORKING Food Stamps</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SUBTOTAL IGA</b>	<b>(75)</b>	<b>(5)</b>	<b>(165)</b>	<b>(5)</b>
<b>SUBTOTAL IGA</b>	<b>635</b>	<b>380</b>	<b>2,060</b>	<b>845</b>
<b>TOTAL</b>	<b>11,605</b>	<b>9,975</b>	<b>32,025</b>	<b>30,510</b>

Table with Full Phase-In in Fy 1996 with Further Adjustments in IGA, Working Poor, and Demonstrations; UP Two-Parent Provision as State Option; Eliminate Increase in Child Support Cap; Conform Asset Rules to Food Stamps but no Increase in Limits.

Parentheses denote savings.

Five Year and Ten Year Federal estimates represent 80% of all expenditures except for child support; benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%. These estimates are based on HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

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**TABLE 5 - PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL**  
(By fiscal year, in millions of dollars)

	5 Year Total	5 Year Federal	10 Year Total	10 Year Federal
<b>PARENTAL RESPONSIBILITY</b>				
Child Support	(85)	(30)	(210)	(85)
Child Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Child Support Enforcement				
Child Support Establishment (Net)	(535)	(90)	(2,080)	(400)
Child Support Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Child Support Costs	465	370	1,085	870
<b>TOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(130)</b>	<b>(8,055)</b>	<b>(1,980)</b>
<b>ADDITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
JOBS Spending	0	0	0	0
Child Care for JOBS	2,670	2,135	7,220	5,775
Child Care for WORK	1,880	1,505	4,995	3,995
Child Care and Other Expansion	790	630	10,890	8,710
Child Care	365	290	4,985	3,990
Child Care Management	(90)	(50)	(1,375)	(755)
Child Care	560	450	2,580	2,065
Child Care Management	210	170	595	475
Child Care Load Reduction	(520)	(285)	(5,090)	(2,800)
Child Care and State Systems/Admin Efficiency	680	580	825	775
<b>TOTAL, JOBS/WORK</b>	<b>6,545</b>	<b>5,425</b>	<b>25,625</b>	<b>22,230</b>
<b>TOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>5,325</b>	<b>5,295</b>	<b>17,570</b>	<b>20,250</b>
<b>POOR CHILD CARE (Capped at \$500 million per State)</b>	<b>1,250</b>	<b>1,000</b>	<b>4,055</b>	<b>3,245</b>
<b>NO PARENT (UP) RESTRICTIONS</b>	<b>895</b>	<b>495</b>	<b>2,875</b>	<b>1,580</b>
<b>Comprehensive Demonstration Grants</b>	<b>200</b>	<b>200</b>	<b>350</b>	<b>350</b>
Parent JOBS/WORK and Child Support and Parenting Demonstrations	200	160	890	710
Assurance Demonstrations	150	120	415	330
Enterprise Demonstrations	75	60	175	140
<b>TOTAL DEMONSTRATIONS</b>	<b>625</b>	<b>540</b>	<b>1,830</b>	<b>1,530</b>
<b>GOVERNMENT ASSISTANCE (IGA)</b>				
Welfare on Earned Income Support Disregards Child Support (but not increase) Food Stamps	710	385	2,225	850
Food Stamps	0	0	0	0
<b>TOTAL IGA</b>	<b>(75)</b>	<b>(5)</b>	<b>(165)</b>	<b>(5)</b>
<b>TOTAL</b>	<b>8,730</b>	<b>7,710</b>	<b>28,390</b>	<b>27,450</b>

Table with 20% Phase-In in FY 1996 with Further Adjustments in IGA and  
Child Care; UP Two-Parent Provisions at State Option; Eliminate Increase  
Cap; Conform Assets to Food Stamps but do not Increase Limits.

Notes denote savings.

Five Year and Ten Year Federal estimates represent 80% of all expenditures except for  
child support; benefits are at current match rates; child support is matched at rates  
in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but  
officially reviewed by OMB. The policies do not represent a consensus recommendation  
of the Group Co-Chairs.

**ADDITIONAL ENTITLEMENT AND REVENUE OPTIONS**  
(In millions of dollars)

	<u>1995-99</u>
<u>1995 Budget</u>	
8 percent royalty on hardrock minerals removed from Federal lands	346
railroad safety user fees	169
Bureau of Alcohol, Tobacco Firearms fees	194
<u>Extension of Current Fees or Sunset Provisions</u>	
Eliminate all sunset dates on Veterans' benefits in OBRA 1993 (FY99)	545
Patent and trademark surcharges (FY99)	120
NRC fees (FY99)	500
Increases in SEC fees (FY99)	50
Increases in tonnage duties (FY99)	70
Holding fee on owners of mining rights on public lands (FY99)	54
Custom service user charges (FY99)	900
<u>Revenue Items</u>	
Extension of marketable securities treated as cash	225
Tax-deferred annuities per couple, \$100,000	800
Superfund tax	2,300
Employers to offer employees tax-free health care or cash, which would be taxable	500

CBO Deficit Reduction Document

market prices for electricity sold over marketing administrations (ENT-01)	4,800
recreation fees at Federal facilities (ENT-02)	720
nuclear waste disposal fees for inflation (ENT-04)	255
ity from price support programs people ross revenue from commodity sales \$500,000 (ENT-09)	670
CC user fees (ENT-16)	575
penalty for early redemptions s bonds (ENT-55)	240
rtgage interest deductions d homes (REV-04)	2,600
limit for deferrals in salary plans to \$4,000 (REV-08)	2,900
minimum tax on foreign-owned s (REV-19)	2,600
ne capital gains from home xcess of \$125,000 (REV-20)	1,400
unions with more than \$10 million like other thrift institutions (REV-25)	3,400
cohol fuels credit and partial x exemption (REV-29)	3,200
<u>as</u>	
number of times the \$70,000 exclusion e earned abroad can be used to	?
T for individuals and corporations d twice	?
imum mortgage principal eligible for eductions to \$500,000 or \$750,000	?

## FINANCING OPTIONS

	<u>5-Year Total</u>	<u>5-Year Federal</u>	<u>10-Year Total</u>	<u>10-Year Federal</u>
EA	1.5	1.5	4.0	4.0
Child Care	.6	.6	1.7	1.7
Food Program				
Tax Credit Reduction If	2.1	.9	4.7	1.9
Grandparents In				
Dwelling Unit				
Family Sponsor-to-Alien	2.2	1.8	8.7	6.9
Deeming, Tighten				
PRUCOL				
Payment By Social	6.4	6.4	21.4	21.4
Security To				
General Fund				
Job Assistance	.9	.9	1.9	1.9
and Tax Compliance	1.3	1.3	2.7	2.7
	15.0	13.4	45.1	40.5

Emergency Assistance--Modify the current AFDC-Emergency Assistance Program by establishing a Federal matching cap for each State's EA expenditures. This cap would be set at an amount equal to 3 percent of the State's total AFDC benefit payments incurred during the previous fiscal year, grandfathering States that are above that level at their FY 1993 expenditure level.

Child Care Food Program--This proposal would utilize cost-testing in determining the rate of Federal reimbursement for meals provided to children in family day care homes. Those family day care homes that are not located in census tracts where at least one-third or half of the children are below 200 percent of poverty would receive slightly reduced Federal subsidies for meals.

Benefit Reduction If Grandparents In Dwelling Unit--This proposal would reduce AFDC benefits by one-third to recipients whose grandparents reside in the dwelling unit with the recipient and whose income is above 130 percent of the poverty guidelines. This reduction is based on the presumption that such grandparents are contributing to the support and maintenance of these AFDC recipients--usually a daughter and grandchild(ren).

Policy Sponsor-to-Alien Deeming, Tighten PRUCOL--This option consists of two proposals. The first would: make permanent the current 5-year sponsor-to-alien deeming period in SSI, and extend this policy to AFDC and Food Stamps; and, if a sponsor's adjusted income exceeds \$40,000 then continue sponsor-to-alien deeming for ten years (or citizenship, whichever occurred first).

The second proposal would effectively reduce the current number of PRUCOL categories of immigrants eligible for benefits, and make these categories consistent with those covered under the Immigration and Naturalization Security Act. The proposal would define in statute the specific categories of temporary immigrants that would be eligible for SSI, AFDC, and Medicaid benefits (similar to the categories already utilized by the Food Stamp program).

Transfer of Social Security To General Fund--Situations exist in which the Social Security Trust Funds have benefitted at the expense of the General Fund. We propose that these situations be corrected. This option includes 1) crediting the Trust Funds with income from taxation of benefits when those taxes are levied instead of using the current liability method; 2) payment of the lump sum credited to the Trust Fund by the Social Security Fund to offset the cost of granting deemed military wages for non-covered military service; 3) eliminating special wage credits for military service after 1956 for retirement beneficiaries which would eliminate the requirement that the Social Security Fund pay FICA tax on these credits (credit would continue to be granted for disability and survivor benefits and the Trust Fund would be reimbursed for the cost of any increase in the credit amount), and; 4) reimbursement by the Trust Fund to the Social Security Fund for the amount of the actuarial reduction suffered by current SSI beneficiaries. The Trust Funds would be held

unless by proposals which would increase revenues or reduce expenditures, including 1) prospective elimination of entitlement of children and young wives (entitled on the basis of a young child care) of retirement beneficiaries; 2) extension of Social Security coverage to students employed by their educational institutions, and; 3) FICA tax revenues resulting from increased employment through welfare reform.

Special Assistance--Currently, several States define a significant portion of their AFDC grant to families as "special energy assistance". The Food Stamp program (FSP) excludes such assistance from their determination of "income", which results in a larger amount of food stamp benefits going to such households than would otherwise occur if the full AFDC grant were taken into account. This proposal would allow the FSP to count such special assistance as income for the purpose of determining food stamp benefits, and would result in savings in the FSP.

Income and Tax Compliance--A number of proposals comprise this category, and are meant to modify and improve current treatment of the EITC, as well as the treatment of gambling winnings. Improvements in the EITC include: denying EITC to resident aliens; extending EITC to active military families overseas; and counting nontaxable earned income of military personnel. Changes in the treatment of gambling winnings include: increasing the withholding rate on gambling winnings in excess of \$50,000; imposing withholding on certain gambling winnings for which there is currently no withholding; requiring additional reporting of information on gambling winnings of \$10,000 or more.

## Possible Welfare Reform Package-- Federal/State Costs

	1995	1996	1997	1998	1999	5-year Total
						dollars in billions
						dollars in billions
<b><u>Program Spending Package</u></b>						
JOBS-Prep	0	0.015	0.085	0.095	0.11	0.305
Additional JOBS Spending	0	0.1	0.67	0.85	0.96	2.58
Additional Child Care	0	0.07	0.465	0.6	0.67	1.805
WORK Program	0	0	0	0.08	0.71	0.79
Additional Child Care for WORK	0	0	0	0.04	0.325	0.365
Savings from Child Care and Other Expansion	0	0	0	-0.01	-0.08	-0.09
Transitional Child Care	0	0	0.12	0.185	0.255	0.56
Enhanced Teen Case Management	0	0.02	0.055	0.065	0.07	0.21
Savings Caseload Reduction	0	0	-0.08	-0.25	-0.19	-0.52
ADP Federal and State/Admin Efficiency	0.05	0.05	0.095	0.21	0.275	0.68
Sub Total Core Program	0.05	0.255	1.41	1.865	3.105	6.685
Generally Conform Assets to Food Stamps	0.02	0.04	0.065	0.07	0.07	0.265
Set Auto Exclusion to \$4500 Equity Value	0	0	0.305	0.32	0.33	0.955
Sub Total Add-Ons from Demos and IGA	0.02	0.04	0.37	0.39	0.4	1.22
<b>Total Costs</b>	<u>0.07</u>	<u>0.295</u>	<u>1.78</u>	<u>2.255</u>	<u>3.505</u>	<u>7.905</u>
<b><u>Mandatory Savings Options Under Consideration:</u></b>						
Limit Emergency Assistance	0.26	0.35	0.45	0.50	0.56	2.12
Target Child Care Food Program	0.00	0.00	0.18	0.19	0.20	0.57
Tighten Sponsorship and Eligibility Rules for Aliens	0.36	0.36	0.36	0.36	0.36	1.80
Parental Responsibility	0.00	0.05	0.24	0.31	0.63	1.22
Eliminate School Lunch Subsidies for Children with Household Income > \$50K	<u>0.44</u>	<u>0.44</u>	<u>0.44</u>	<u>0.44</u>	<u>0.44</u>	<u>2.20</u>
Subtotal	1.06	1.20	1.67	1.80	2.19	7.91
<b>Spending minus Saving</b>	(0.99)	(0.91)	0.11	0.46	1.32	0.00

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04/12/94

**TABLE 1 - PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)**

	5 Year Federal Package 1	5 Year Federal Package 2
<b>PARENTAL RESPONSIBILITY</b>		
Minor Mothers	(30)	(30)
No Additional Benefits for Additional Children	(220)	(220)
Child Support Enforcement		
Paternity Establishment (Net)	(90)	(90)
Enforcement (Net)	(160)	(160)
Computer Costs	370	370
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(130)</b>	<b>(130)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>		
JOBS-Prep	0	300
Additional JOBS Spending	2,295	2,295
Additional Child Care for JOBS	1,610	1,610
WORK Program	1,330	1,330
Additional Child Care for WORK	610	610
Savings from Child Care and Other Expansion	(100)	(100)
Transitional Child Care	445	445
Enhanced Teen Case Management	170	170
Savings - Caseload Reduction	(215)	(215)
ADP Federal and State Systems/Admin Efficiency	545	545
<b>SUBTOTAL, JOBS/WORK</b>	<b>6,690</b>	<b>6,990</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>6,560</b>	<b>6,860</b>
<b>WORKING-POOR CHILD CARE REMOVE TWO PARENT (UP) RESTRICTIONS</b>	<b>1,500</b>	<b>3,500</b>
	495	495
Comprehensive Grants	200	200
Non-Custodial Parent JOBS/WORK Programs	130	390
Access Grants and Parenting Demonstrations	30	70
Child Support Assurance Projects	120	290
IDA and Microenterprise Projects	60	145
<b>SUBTOTAL SPECIAL INITIATIVES</b>	<b>540</b>	<b>1,095</b>
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>		
State Flexibility on Earned Income and Child Support Disregards	385	385
Generally Conform Assets to Food Stamps	0	100
Increase Territories' Caps	0	185
All Others	(5)	(5)
<b>SUBTOTAL IGA</b>	<b>380</b>	<b>665</b>
<b>GRAND TOTAL</b>	<b>9,475</b>	<b>12,615</b>

President's Table with Full Phase-In in FY 1996 with Further Adjustments  
in IGA, Working Poor Child Care, and Demonstrations; UP Two-Parent  
Provision as State Option. Comparisons between Package 1 and Package 2

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

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**SUMMARY OF COSTS FOR WELFARE REFORM PACKAGES**  
(Dollars in Millions)

PACKAGE 1 COSTS	FY 1999	5 Year			10 Year		
	Total	Total	Federal	State	Total	Federal	State
PARENTAL RESPONSIBILITY	(625)	(1,220)	(130)	(1,090)	(8,055)	(1,980)	(6,075)
TRANSITIONAL ASSISTANCE	3,305	8,170	6,690	1,480	25,185	22,030	3,155
WORKING POOR CHILD CARE	900	1,875	1,500	375	6,930	5,545	1,385
TWO PARENT (UP) PROVISIONS	375	895	495	400	2,875	1,580	1,295
SPECIAL INITIATIVES	225	625	540	85	1,830	1,530	300
IMPROVING GOVERNMENT ASSISTANCE	265	635	380	255	2,060	845	1,215
<b>TOTAL COSTS FOR PACKAGE 1</b>	<b>4,445</b>	<b>10,980</b>	<b>9,475</b>	<b>1,505</b>	<b>30,825</b>	<b>29,550</b>	<b>1,275</b>
PACKAGE 2 COSTS	FY 1999	5 Year			10 Year		
	Total	Total	Federal	State	Total	Federal	State
PARENTAL RESPONSIBILITY	(625)	(1,220)	(130)	(1,090)	(8,055)	(1,980)	(6,075)
TRANSITIONAL ASSISTANCE	3,415	8,545	6,990	1,555	26,555	23,125	3,430
WORKING POOR CHILD CARE	1,875	4,375	3,500	875	14,945	11,955	2,990
TWO PARENT (UP) PROVISIONS	375	895	495	400	2,875	1,580	1,295
SPECIAL INITIATIVES	505	1,315	1,095	220	3,945	3,225	720
IMPROVING GOVERNMENT ASSISTANCE	400	1,085	665	420	3,250	1,620	1,630
<b>TOTAL COSTS</b>	<b>5,945</b>	<b>14,995</b>	<b>12,615</b>	<b>2,380</b>	<b>43,515</b>	<b>39,525</b>	<b>3,990</b>

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for

the following: benefits are at current match rates; child support is matched at rates

specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

04/12/94

**TABLE Package 1 - DETAILED SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)**

	5 Year Total	5 Year Federal	10 Year Total	10 Year Federal
<b>PARENTAL RESPONSIBILITY</b>				
Minor Mothers	(85)	(30)	(210)	(85)
No Additional Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Child Support Enforcement				
Paternity Establishment (Net)	(535)	(90)	(2,080)	(400)
Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Computer Costs	465	370	1,085	870
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(130)</b>	<b>(8,055)</b>	<b>(1,980)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
JOBS-Prep	0	0	0	0
Additional JOBS Spending	2,870	2,295	7,110	5,690
Additional Child Care for JOBS	2,010	1,610	4,910	3,930
WORK Program	1,660	1,330	11,490	9,190
Additional Child Care for WORK	760	610	5,240	4,190
Savings from Child Care and Other Expansion	(185)	(100)	(1,480)	(815)
Transitional Child Care	555	445	2,565	2,050
Enhanced Teen Case Management	210	170	595	475
Savings - Caseload Reduction	(390)	(215)	(6,070)	(3,340)
ADP Federal and State Systems/Admin Efficiency	680	545	825	660
<b>SUBTOTAL, JOBS/WORK</b>	<b>8,170</b>	<b>6,690</b>	<b>25,185</b>	<b>22,030</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>6,950</b>	<b>6,560</b>	<b>17,130</b>	<b>20,050</b>
WORKING POOR CHILD CARE (Capped at \$900 million in net spending)	1,875	1,500	6,930	5,545
REMOVE TWO PARENT (UP) RESTRICTIONS	895	495	2,875	1,580
Comprehensive Grants	200	200	350	350
Non-Custodial Parent JOBS/WORK Programs	165	130	815	650
Access Grants and Parenting Demonstrations	35	30	75	60
Child Support Assurance Projects	150	120	415	330
IDA and Microenterprise Projects	20	15	175	140
<b>SUBTOTAL SPECIAL INITIATIVES</b>	<b>570</b>	<b>495</b>	<b>1,830</b>	<b>1,530</b>
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>				
State Flexibility on Earned Income and Child Support Disregards Generally Conform (but not Increase)	710	385	2,225	850
Assets to Food Stamps	0	0	0	0
All Others	(75)	(5)	(165)	(5)
<b>SUBTOTAL IGA</b>	<b>635</b>	<b>380</b>	<b>2,060</b>	<b>845</b>
<b>GRAND TOTAL</b>	<b>10,925</b>	<b>9,430</b>	<b>30,825</b>	<b>29,550</b>

President's Table with Full Phase-In in Fy 1996 with Further Adjustments in IGA, Working Poor Child Care, and Demonstrations; UP Two-Parent Provision as State Option; Eliminate Increase in Territories Cap; Conform Asset Rules to Food Stamps but no Increase in Limits.

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

04/12/94

**TABLE Package 2 - DETAILED SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL**  
(By fiscal year, in millions of dollars)

	5 Year Total	5 Year Federal	10 Year Total	10 Year Federal
<b>PARENTAL RESPONSIBILITY</b>				
Minor Mothers	(85)	(30)	(210)	(85)
No Additional Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Child Support Enforcement				
Paternity Establishment (Net)	(535)	(90)	(2,080)	(400)
Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Computer Costs	465	370	1,085	870
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(130)</b>	<b>(8,055)</b>	<b>(1,980)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
JOBS-Prep	375	300	1,370	1,095
Additional JOBS Spending	2,870	2,295	7,110	5,690
Additional Child Care for JOBS	2,010	1,610	4,910	3,930
WORK Program	1,660	1,330	11,490	9,190
Additional Child Care for WORK	760	610	5,240	4,190
Savings from Child Care and Other Expansion	(185)	(100)	(1,480)	(815)
Transitional Child Care	555	445	2,565	2,050
Enhanced Teen Case Management	210	170	595	475
Savings - Caseload Reduction	(390)	(215)	(6,070)	(3,340)
ADP Federal and State Systems/Admin Efficiency	680	545	825	660
<b>SUBTOTAL, JOBS/WORK</b>	<b>8,545</b>	<b>6,990</b>	<b>26,555</b>	<b>23,125</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>7,325</b>	<b>6,860</b>	<b>18,500</b>	<b>21,145</b>
<b>WORKING POOR CHILD CARE (Capped at \$1.9 billion in net spending)</b>	<b>4,375</b>	<b>3,500</b>	<b>14,945</b>	<b>11,955</b>
<b>REMOVE TWO PARENT (UP) RESTRICTIONS</b>	<b>895</b>	<b>495</b>	<b>2,875</b>	<b>1,580</b>
Comprehensive Grants	200	200	350	350
Non-Custodial Parent JOBS/WORK Programs	490	390	2,000	1,600
Access Grants and Parenting Demonstrations	85	70	180	145
Child Support Assurance Projects	360	290	995	795
IDA and Microenterprise Projects	180	145	420	335
<b>SUBTOTAL SPECIAL INITIATIVES</b>	<b>1,315</b>	<b>1,095</b>	<b>3,945</b>	<b>3,225</b>
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>				
State Flexibility on Earned Income and Child Support Disregards	710	385	2,225	850
Generally Conform Assets to Food Stamps	265	100	655	240
Increase Territories' Caps	185	185	535	535
All Others	(75)	(5)	(165)	(5)
<b>SUBTOTAL IGA</b>	<b>1,085</b>	<b>665</b>	<b>3,250</b>	<b>1,620</b>
<b>GRAND TOTAL</b>	<b>14,995</b>	<b>12,615</b>	<b>43,515</b>	<b>39,525</b>

President's Table with Full Phase-In in FY 1996 with Adjustments in IGA, Working Poor Child Care, Demonstrations; UP Parent Provision as State Option.

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

**TABLE 1 - PRELIMINARY SUMMARY FEDERAL COST ESTIMATES  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL**  
(By fiscal year, in millions of dollars)

	5 Year Federal Package 1A	5 Year Federal Package 1B	5 Year Federal Package 2
<b>PARENTAL RESPONSIBILITY</b>			
Minor Mothers	(30)	(30)	(30)
No Additional Benefits for Additional Children	0	(220)	(220)
Child Support Enforcement			
Paternity Establishment (Net)	(90)	(90)	(90)
Enforcement (Net)	(160)	(160)	(160)
Computer Costs	370	370	370
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	90	(130)	(130)
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>			
Additional JOBS Spending	2,195	2,195	2,195
Additional Child Care for JOBS	1,610	1,610	1,610
WORK Program	1,330	1,330	1,330
Additional Child Care for WORK	610	610	610
Savings from Child Care and Other Expansion	(100)	(100)	(100)
Transitional Child Care	225	225	225
Enhanced Teen Case Management	170	170	170
Savings - Caseload Reduction	(215)	(215)	(215)
ADP Federal and State Systems/Admin Efficiency	545	545	545
<b>SUBTOTAL, JOBS/WORK</b>	6,370	6,370	6,370
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	6,460	6,240	6,240
WORKING POOR CHILD CARE	1,500	1,720	3,500
REMOVE TWO PARENT (UP) RESTRICTIONS	495	495	495
Teenage Pregnancy Prevention Grants	200	200	400
Non-Custodial Parent JOBS/WORK Programs	130	130	390
Access Grants and Parenting Demonstrations	30	30	70
Child Support Assurance Projects	120	120	290
IDA and Microenterprise Projects	60	60	145
<b>SUBTOTAL SPECIAL INITIATIVES</b>	540	540	1,295
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>			
State Flexibility on Earned Income and Child Support Disregards	385	385	385
Generally Conform Assets to Food Stamps	100	100	100
Increase Territories' Caps	0	0	185
All Others	(5)	(5)	(5)
<b>SUBTOTAL IGA</b>	480	480	665
<b>GRAND TOTAL</b>	<b>9,475</b>	<b>9,475</b>	<b>12,195</b>

President's Table with Full Phase-In in FY 1996 with Further Adjustments  
in IGA, Working Poor Child Care, and Demonstrations; UP Two-Parent  
Provision as State Option. Comparisons between Packages 1A and 1B and Package 2.

Note 1: Parentheses denote savings.

Note 2: Five Year Federal estimates represent 80% of all expenditures except for the following:  
benefits are at current match rates; child support is matched at rates specified in the  
hypothetical plan; and teenage pregnancy prevention grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but  
have not been officially reviewed by OMB. The policies do not represent a consensus recommendation  
of the Working Group Co-Chairs.

04/26/94

**TABLE 1 - PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE)  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)**

	5 Year Federal Package 1A	5 Year Federal Package 1B	5 Year Federal Package 2
<b>PARENTAL RESPONSIBILITY</b>			
Minor Mothers	(30)	(30)	(30)
No Additional Benefits for Additional Children	0	(220)	(220)
Child Support Enforcement			
Paternity Establishment (Net)	(90)	(90)	(90)
Enforcement (Net)	(160)	(160)	(160)
Computer Costs	370	370	370
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	90	(130)	(130)
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>			
Additional JOBS Spending	2,195	2,195	2,195
Additional Child Care for JOBS	1,610	1,610	1,610
WORK Program	1,330	1,330	1,330
Additional Child Care for WORK	610	610	610
Savings from Child Care and Other Expansion	(100)	(100)	(100)
Transitional Child Care	225	225	225
Enhanced Teen Case Management	170	170	170
Savings - Caseload Reduction	(215)	(215)	(215)
ADP Federal and State Systems/Admin Efficiency	545	545	545
<b>SUBTOTAL, JOBS/WORK</b>	6,370	6,370	6,370
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	6,460	6,240	6,240
<b>WORKING POOR CHILD CARE REMOVE TWO PARENT (UP) RESTRICTIONS</b>	1,500	1,720	3,500
	495	495	495
Teenage Pregnancy Prevention Grants	200	200	200
Non-Custodial Parent JOBS/WORK Programs	130	130	390
Access Grants and Parenting Demonstrations	30	30	70
Child Support Assurance Projects	120	120	290
IDA and Microenterprise Projects	60	60	145
<b>SUBTOTAL SPECIAL INITIATIVES</b>	540	540	1,095
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>			
State Flexibility on Earned Income and Child Support Disregards	385	385	385
Generally Conform Assets to Food Stamps	100	100	100
Increase Territories' Caps	0	0	185
All Others	(5)	(5)	(5)
<b>SUBTOTAL IGA</b>	480	480	665
<b>GRAND TOTAL</b>	9,475	9,475	11,995

President's Table with Full Phase-In in FY 1996 with Further Adjustments  
in IGA, Working Poor Child Care, and Demonstrations; UP Two-Parent  
Provision as State Option. Comparisons between Packages 1A and 1B and Package 2.

Note 1: Parentheses denote savings.  
 Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.  
 Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

04/26/94

**SUMMARY OF COSTS FOR PRELIMINARY WELFARE REFORM PACKAGES**  
(Dollars in Millions)

PACKAGE 1A COSTS	FY 1999	Total	5 Year		Total	10 Year	
	Total		Federal	State		Federal	State
PARENTAL RESPONSIBILITY	(360)	(560)	90	(650)	(5,905)	(1,170)	(4,735)
TRANSITIONAL ASSISTANCE	3,225	7,770	6,370	1,400	23,465	20,655	2,810
WORKING POOR CHILD CARE	900	1,875	1,500	375	6,930	5,545	1,385
TWO PARENT (UP) PROVISIONS	375	895	495	400	2,875	1,580	1,295
SPECIAL INITIATIVES	225	625	540	85	1,830	1,530	300
IMPROVING GOVERNMENT ASSISTANCE	335	900	480	420	2,715	1,085	1,630
<b>TOTAL COSTS FOR PACKAGE 1A</b>	<b>4,700</b>	<b>11,505</b>	<b>9,475</b>	<b>2,030</b>	<b>31,910</b>	<b>29,225</b>	<b>2,685</b>
PACKAGE 1B COSTS	FY 1999	Total	5 Year		Total	10 Year	
	Total		Federal	State		Federal	State
PARENTAL RESPONSIBILITY	(625)	(1,220)	(130)	(1,090)	(8,055)	(1,980)	(6,075)
TRANSITIONAL ASSISTANCE	3,225	7,770	6,370	1,400	23,465	20,655	2,810
WORKING POOR CHILD CARE	1,000	2,150	1,720	430	7,780	6,225	1,555
TWO PARENT (UP) PROVISIONS	375	895	495	400	2,875	1,580	1,295
SPECIAL INITIATIVES	225	625	540	85	1,830	1,530	300
IMPROVING GOVERNMENT ASSISTANCE	335	900	480	420	2,715	1,085	1,630
<b>TOTAL COSTS</b>	<b>4,535</b>	<b>11,120</b>	<b>9,475</b>	<b>1,645</b>	<b>30,610</b>	<b>29,095</b>	<b>1,515</b>

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates

specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

SUMMARY OF COSTS FOR PRELIMINARY WELFARE REFORM PACKAGES

04/26/94

(Dollars in Millions)

PACKAGE 2 COSTS	FY 1999	5 Year			10 Year		
	Total	Total	Federal	State	Total	Federal	State
PARENTAL RESPONSIBILITY	(625)	(1,220)	(130)	(1,090)	(8,055)	(1,980)	(6,075)
TRANSITIONAL ASSISTANCE	3,225	7,770	6,370	1,400	23,465	20,655	2,810
WORKING POOR CHILD CARE	1,875	4,375	3,500	875	14,945	11,955	2,990
TWO PARENT (UP) PROVISIONS	375	895	495	400	2,875	1,580	1,295
SPECIAL INITIATIVES	505	1,315	1,095	220	3,945	3,225	720
IMPROVING GOVERNMENT ASSISTANCE	400	1,085	665	420	3,250	1,620	1,630
<b>TOTAL COSTS FOR PACKAGE 2</b>	<b>5,755</b>	<b>14,220</b>	<b>11,995</b>	<b>2,225</b>	<b>40,425</b>	<b>37,055</b>	<b>3,370</b>

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 80% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but have not been officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

TABLE 1

<b>PROJECTED CASELOADS UNDER A HYPOTHETICAL PROPOSAL, ASSUMING IMPLEMENTATION FOR PERSONS BORN AFTER 1971</b>			
	<b>FY 1997</b>	<b>FY 1999</b>	<b>FY 2004</b>
<b>Projected Adult Cases With Parent Born After 1971 Without Reform</b>	<b>1.43 million</b>	<b>1.93 million</b>	<b>3.34 million</b>
Off welfare with Reform (Health reform after 1999, EITC, Child Care, JOBS, WORK, etc.)	.04 million	.08 million	.81 million
<b>Program Participants</b>	<b>1.39 million</b>	<b>1.85 million</b>	<b>2.53 million</b>
Working While on Welfare	.12 million	.17 million	.21 million
JOBS Participants	.74 million	.89 million	.92 million
WORK Participants	.00 million	.17 million	.54 million
JOBS-Prep—disability/age limits work	.24 million	.31 million	.44 million
JOBS-Prep—severely disabled child	.06 million	.06 million	.08 million
JOBS-Prep—caring for child under one	.24 million	.25 million	.35 million

**TABLE 2**

**Projected Welfare and Work Status for Persons Born after 1971  
Who Would Have Been on Welfare Without Reforms**

	<b>FY 2004 – Without Reforms</b>	<b>FY 2004 – With Health and Welfare Reforms</b>
<b>Working with Subsidy; In Mandatory Education, Training or Placement; or Off Welfare with Reforms</b>	<b>23%</b>	<b>74%</b>
<b>Not Working; nor In mandatory Education, Training or Placement</b>	<b>77%</b>	<b>26%</b>
<b>TOTAL</b>	<b>100%</b>	<b>100%</b>

**TABLE 3 -- PRELIMINARY SUMMARY COST ESTIMATES (FEDERAL AND STATE  
FOR ELEMENTS OF A WELFARE REFORM PROPOSAL  
(By fiscal year, in millions of dollars)**

	5 Year Total	5 Year Federal	10 Year Total	10 Year Federal
<b>PARENTAL RESPONSIBILITY</b>				
Minor Mothers	(85)	(30)	(210)	(85)
No Additional Benefits for Additional Children	(660)	(220)	(2,150)	(810)
Child Support Enforcement				
Paternity Establishment (Net)	(535)	(90)	(2,080)	(400)
Enforcement (Net)	(405)	(160)	(4,700)	(1,555)
Computer Costs	465	420	1,085	975
<b>SUBTOTAL, PARENTAL RESPONSIBILITY</b>	<b>(1,220)</b>	<b>(80)</b>	<b>(8,055)</b>	<b>(1,875)</b>
<b>TRANSITIONAL ASSISTANCE FOLLOWED BY WORK</b>				
JOBS-Prep	305	275	1,225	1,105
Additional JOBS Spending	2,580	2,320	7,140	6,425
Additional Child Care for JOBS	1,805	1,625	4,900	4,410
WORK Program	790	710	10,150	9,135
Additional Child Care for WORK	365	330	4,585	4,125
Savings from Child Care and Other Expansion	(90)	(50)	(1,275)	(700)
Transitional Child Care	560	505	2,580	2,320
Enhanced Teen Case Management	210	190	595	535
Savings - Caseload Reduction	(520)	(285)	(5,090)	(2,800)
ADP Federal and State Systems/Admin Efficiency	680	665	825	900
<b>SUBTOTAL, JOBS/WORK</b>	<b>6,685</b>	<b>6,285</b>	<b>25,635</b>	<b>25,455</b>
<b>SUBTOTAL, JOBS/WORK AND PARENTAL RESP</b>	<b>5,465</b>	<b><u>6,205</u></b>	<b>17,580</b>	<b><u>23,580</u></b>
<b>WORKING POOR CHILD CARE (Capped at \$2b in net spending).</b>	<b>5,000</b>	<b>4,500</b>	<b>16,270</b>	<b>14,645</b>
<b>REMOVE TWO PARENT (UP) RESTRICTIONS</b>	<b>2,210</b>	<b>1,160</b>	<b>8,260</b>	<b>4,355</b>
Comprehensive Demonstration Grants	200	200	350	350
Non-Custodial Parent JOBS/WORK	370	335	1,855	1,670
Access Grants and Parenting Demonstrations	135	120	285	255
Child Support Assurance Demonstrations	550	495	1,500	1,350
IDA and Microenterprise Demonstrations	300	270	700	630
<b>SUBTOTAL DEMONSTRATIONS</b>	<b>1,555</b>	<b>1,420</b>	<b>4,690</b>	<b>4,255</b>
<b>IMPROVING GOVERNMENT ASSISTANCE (IGA)</b>				
State Flexibility on Earned Income and and Child Support Disregards	1,720	945	4,895	2,695
Generally Conform Assets to Food Stamps	265	100	655	240
Set Auto Exclusions to \$4500 Equity Value	955	955	2,785	2,785
Double Territories' Caps/Adjust for Inflation	370	275	1,060	790
All Others	905	555	2,265	1,375
<b>SUBTOTAL IGA</b>	<b>4,215</b>	<b>2,830</b>	<b>11,660</b>	<b>7,885</b>
<b>GRAND TOTAL</b>	<b>18,445</b>	<b>16,115</b>	<b>58,460</b>	<b>54,720</b>
<b>OPTION 1 - No Child Care, 2 Parent, Demos or IGA</b>	<b>5,465</b>	<b>6,205</b>	<b>17,580</b>	<b>23,580</b>
<b>OPTION 2 - No 2 Parent, 50% Child Care, 50% Demos and 50% IGA</b>	<b>10,850</b>	<b>10,580</b>	<b>33,890</b>	<b>36,973</b>
<b>OPTION 3 - 50% Child Care, 50% Demos, and 50% IGA</b>	<b>13,060</b>	<b>11,740</b>	<b>42,150</b>	<b>41,328</b>
<b>OPTION 4 - 50% Demos and 50% IGA</b>	<b>15,560</b>	<b>13,990</b>	<b>50,285</b>	<b>48,650</b>
<b>OPTION 5 - TOTAL PLAN</b>	<b>18,445</b>	<b>16,115</b>	<b>58,460</b>	<b>54,720</b>

Note 1: Parentheses denote savings.

Note 2: Five Year and Ten Year Federal estimates represent 90% of all expenditures except for the following: benefits are at current match rates; child support is matched at rates specified in the hypothetical plan; and comprehensive demonstration grants are matched at 100%.

Source: HHS/ASPE staff estimates. These estimates have been shared with staff within HHS and OMB but officially reviewed by OMB. The policies do not represent a consensus recommendation of the Working Group Co-Chairs.

**TABLE 4 - PRELIMINARY FINANCING ESTIMATES (FEDERAL AND STATE)**  
(By fiscal year, in millions of dollars)

	5 Year Total	5 Year Federal	10 Year Total	10 Year Federal
Cap Emergency Assistance	2,110	2,110	5,640	5,640
Target Child Care Food Program	570	570	1,720	1,720
Conform AFDC to Food Stamps 130% Pov.	6,990	3,845	15,340	8,435
Reduce by 1/2	3,495	1,920	7,670	4,220
Reduce by 1/3	2,330	1,280	5,110	2,810
<b>Tighten Sponsorship and Eligibility Rules for Aliens:</b>				
Make current 5-year SSI deeming rules permanent and extend to AFDC and Food Stamps and limit assistance to PRUCOLS	2,740	1,850	9,110	6,110
Extend deeming period to 7 years	3,450	2,320	12,000	7,990
Extend deeming period to citizenship	6,820	4,670	23,990	16,290
<b>EITC:</b>				
Denial to non-resident aliens	130	130	330	330
Info reporting for DOD personnel	190	190	570	570
Reduce inappropriate credits	na	na	na	na
<b>Gambling:</b>				
Increase withholding on gambling winnings > \$50,000 to 36%	530	530	830	830
Withholding rate of 28% on keno, slots, and bingo winners > \$7,500	250	250	300	300
Require information reporting on winnings of \$10,000+ from gambling regardless of odds (except St. lotteries)	220	220	640	640
4% excise tax on net receipts of gambling establishments (except State lotteries)	3,160	3,160	7,340	7,340
<b>Dependent Care Tax Credit:</b>				
Phase down to 10% for persons with AGI over \$70,000	630	630	1,220	1,220
Full Phase-out for persons with AGI starting at \$90,000	790	790	1,680	1,680
<b>OPTION 1 (5 Yr Deeming, No 130% Income Test)</b>	10,530	9,640	27,700	24,700
<b>OPTION 2 (7 Yr Deeming, 1/3rd 130% Income Test)</b>	13,570	11,390	35,700	29,390
<b>OPTION 3 (Deem to Citizenship, 1/2 130% Test)</b>	18,105	14,380	50,250	39,100
<b>OPTION 4 (Deem to Citizenship, Full 130% Test)</b>	21,600	16,305	57,920	43,315

WR \$ C. CARE

TO: David Ellwood  
Mary Jo Bane

FROM: Jennifer Mezey

THROUGH: Wendell Primus and Don Oellerich

DATE: March 18, 1994

SUBJECT: Child Care Cost Estimate Spreadsheet Model

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### Introduction

Over the past months, ASPE and ACF have been estimating the cost of providing child care for children whose parents will participate in JOBS and WORK and to those whose parents do not receive cash assistance but are still poor. In order to accomplish this task, we have been looking at data from different sources to inform us about the costs of providing child care, the number of parents that would use paid child care if it were available and the number of hours children would need to be served. These sources of data include: ACF information on the JOBS program and the Child Care Development Block Grant; results from demonstration programs like the Teen Parent Demonstration; and national surveys like the National Child Care Survey (1990), the Profile of Child Care Settings Survey (1990), and the Survey of Income and Program Participation. In addition, we have been in close communication with CBO about their methodology, assumptions and unit costs.

There are three basic assumptions that underlie the cost estimate for AFDC families. We believe that child care costs will increase when welfare reform is implemented for the following reasons:

- There will be more people participating in JOBS.
- There will be more younger children served because of changed exemption policies.
- With the increased participation standards and fewer exemptions, it will be more difficult for states to "cream" by preferring participants with older children, smaller families and/or access to informal arrangements.

We also assume that there will be higher utilization rates for working poor families if more money is put into child care subsidies for this population.

The following memo will describe the methodology used to operationalize these assumptions. This model estimates the total Federal and State costs for the provision of child care to AFDC and working poor families. I will also discuss the assumptions and unit costs that inform the estimates. Since many policy decisions are still open, all estimates are preliminary and subject to revision as policies change.

## Overview of the Model

The model is a child-centered one, meaning that I am determining how much it costs to provide care for a specified number of children rather than the cost of care for an average AFDC or working poor family. First, I determine how many children there are on AFDC (ACF data) and in the working poor family population (Current Population Survey (CPS), 1993) and the distribution of ages for these populations. Once I determine how many children potentially will need to be served (based on the participation rates of AFDC families and the number of poor families in the workforce), I divide these families into those who potentially will need full-time and part-time child care. Then, I attach a utilization rate for paid child care to each child.

Finally, I multiply the number of children whose parents will need and use paid child care by a unit cost that varies by the age of the child to determine the overall cost of the provision of child care. After attaching an administrative cost of 8%, I can apply a specified federal match rate to allocate spending between the federal and state governments.

I am in contact with the policy office at FNS, and they are getting ready to prepare cost estimates for the increased use of the Child and Adult Care Feeding Program. Since I have not yet received these estimates, the cost of the program is not included in this discussion.

In the sections below, I detail my specific assumptions.

### **AFDC Children**

#### **Number and Age Distribution**

The number of participants in the JOBS and WORK program vary according to the different policy options and are produced by ASPE's AFDC-SIM model.

From the 1992 QC data, I have determined the number and ages of children under 12 whose parents would be phased into this program. As the cohort ages, the children age and the number of children increases.

#### **Full-time vs. Part-time Care**

I assume that all JOBS and WORK slots will average 20 hours per week. Therefore, they are all part-time. The children of these participants will need 30 hours of care per week. This assumption is subject to change as decisions are finalized concerning the WORK program.

#### **Take-Up (Utilization) Rate**

Although we know (from the above assumptions) how many children might need care, we do not yet know how many parents would use paid child care. The percentage of parents who

would use child care that the federal government would pay for is called the take-up (or utilization) rate.

Current estimates of the overall take-up rate for IV-A funded child care among JOBS participants range from 21% to 30% depending on the data source one uses. The data also supports the idea that current take-up rates for infants and toddlers are higher than those of school-age children. SIPP reports a take-up rate of about 68% for children under 5 and 19% for children over 5 (in all families above and below poverty). There is also evidence that the take-up rates for parents who work full-time are higher than those who work part-time (NCCS, 1990).

I assumed that when additional people are added to the JOBS and WORK programs, the take-up rate will rise. First of all, the population we are serving will more closely resemble the overall AFDC population than does the current JOBS program. This means that there will be more infants and toddlers whose parents will be participating. Second, hours of participation will be increased. Finally, there will be more people with larger families and less access to informal care as the population being served increases. Because of these factors, this estimate uses take-up rates that vary according to the age of the child, full-time vs. part-time status of the parents, and working or AFDC status of the parents.

#### Children 5 and under

In the Teen Parent Demonstration project, the overall take-up rate for agency-paid child care was approximately 45% (Maynard). Since these were young children whose parents were participating part-time, I will use this rate for part-time care for children 5 and under. The NCCS data shows that the take-up rate for full-time care for young children is approximately twice the rate for part-time care. Therefore, I use a take-up rate of 90% for AFDC parents who are participating full-time. At the present time, no AFDC parents are participating full-time.

#### Children over 5

These children need part-time care during the school year whether or not their parents work full-time or part-time during the year. Therefore, I assume the same take-up rate for all children between the ages of 6 and 12. According to the NCCS data, the take-up rate for children between the ages of 6 and 12 is approximately one-third for both full-time and part-time care. In my estimate, I assume that the take-up rate for all children over 5 will be 35%. These rates apply to AFDC, working poor families, and TCC-eligibles.

#### **Current Law**

Current law is the portion of the costs for JOBS child care that would have been spent on the population we are phasing-in to the JOBS and WORK program.

## Transitional Child Care

### **Number of Children**

Each year, a certain percentage of the AFDC caseload leaves the program. If they have received AFDC for at least three months and leave for work, they are eligible for one year of transitional child care benefits. According to Donna Pavetti, an average of four percent of the adult AFDC caseload leaves the program each month, and sixty percent stay off of AFDC for at least one year. Half of these exits are for work.

In a welfare reform scenario, we assume that an additional average .6% of AFDC recipients will leave the program each month because of the impacts of our reform efforts. We also assume that two-thirds of all exits will now be for work because of health care and the impacts of education and training. Therefore, the marginal increase in exits for work is 17%.

We are currently discussing the issue of scoring TCC costs with OMB. Therefore, the TCC costs that have been reported up until now, might be overestimated in scoring terms.

### **Full-Time vs. Part-Time Care**

In most states it does not pay to leave AFDC for a part-time job. Therefore, I assume that the majority of AFDC recipients (75%) who leave AFDC for work will leave for full-time jobs and 25% will leave for part-time jobs. Part-time work is defined as twenty hours per week of work, requiring 30 hours per week of care. Full-time work is defined as forty hours per week of work, requiring 50 hours per week of care.

### **Take-Up (Utilization) Rate**

For the purposes of our estimates, we divide the TCC-eligible population into three groups.

**GROUP 1:** Those who are not phased into our "26 and under" welfare reform will leave AFDC at baseline rates and will utilize TCC at a baseline level. It is very difficult to determine what this level is, but we assume that it would reach about 20% in 1999 and stay at that rate over the next five years. This take-up rate will be phased in over the next five years at the following rate:

*1994: 10%, 1995: 13%, 1996: 15%, 1997: 15%, 1998: 17%, 1999: 20%.*

There is no additional TCC cost attached to this group.

**GROUP 2:** We assume that most of the "26 and unders" who leave welfare would have left the program without our reforms and that half of them will leave for work. These people will have increased utilization rates for TCC because of our changes in welfare offices and the regulations governing TCC. Therefore, their take-up rates will increase above baseline by the following amounts:

*1994: 0%, 1995: 0%, 1996: 10%, 1997: 15%, 1998: 18%, 1999: 20%.*

We are in the process of discussing the costs for this group with OMB. It is likely that this cost is not scorable and its inclusion in our estimates has caused them to be too high.

**GROUP 3:** The remaining people in the "26 and under" group will leave welfare because of reform and they will be more likely to leave for work. We assume that these recipients would not have left AFDC without our program and that their utilization rates will equal the baseline rates plus the marginal rates of the group above. Therefore their rates will be the following:

*1994: 0%, 1995: 0%, 1996: 25%, 1997: 30%, 1998: 35%, 1999: 40%.*

These people will have a cost attached to them for their increased exit rates and utilization rates.

### **Current Law**

Current law is our current Transitional Child Care program which will cover those people who are not phased-in to our program but leave welfare for work.

### Remaining Issue:

There still has to be a policy decision made about what kind of sliding fee scale we are going to have for the TCC program. All estimates up until this stage do not account for such a mechanism.

### Working Poor Child Care

#### **Number and Age Distribution of Children from Working Poor Families**

The first step was to determine the size of the population of children who were under 130% of poverty and whose families did not receive AFDC. We had the Urban Institute do a TRIM run using average monthly data in order to accurately gauge the number of children who received and did not receive AFDC. Using this data, I found that, in 1991, there were between 8 and 8.5 million children who were under 130% of poverty and whose families did not receive AFDC. (These families will, in the future, be referred to as working poor families to distinguish them from AFDC families.)

Since all of this data was for 1991, we then had to make some estimate of how the number of working poor children would change over the next 15 years from 1991 to 2004. The Census Bureau performs population projections by age each year, but no one projects poverty rates. Therefore, I used Census data to determine the total number of children in 1991.

Using the TRIM data, I determined the percentage of children who were below 130% of poverty. Then, keeping these percentages constant, I applied them to population projections in subsequent years to determine the overall population of children below 130% of poverty. To get the number of working poor families, I subtracted ACF's AFDC caseload projections from that number. My justification for using constant percentages is the fact that macroeconomic conditions might lead to a decrease in poverty rates, but demographics (increasing number of single parents, out-of-wedlock births) would balance this out by increasing poverty rates.

Finally, I removed TCC participants from the working poor population. Each year approximately 1,000,000 children will be in families who will leave welfare for work and stay off of welfare for at least one year. I assume that 90% of those people will stay below 130% of poverty. Approximately 900,000 children each year will be potentially eligible for TCC, representing about 12% of the working poor population. Non-TCC eligible children below 130% of poverty represent approximately 88% of the population of children below 130% of poverty.

#### **Full-Time vs. Part-Time Care**

I determined the work statuses of the parents of these children. Families were considered to need full-time care if they lived in a two parent family in which both parents worked full-time or in a single parent family where the parent worked full-time. We judged that children would need part-time care if their two parents worked part-time or one parent worked full-time and the other worked part-time. If a single parent worked part-time, his or her child would need part-time care as well. If one parent did not work, the child was not considered to need child care. These same standards applied to legal guardians of children who did not live with their parents.

Our definition of a full-time worker was someone who usually works full-time (40 hours or more) during the year. We defined a part-time worker to be someone who did not usually work full-time during the year. We found that approximately 25% of children below 130% of poverty had parents who satisfied the definition of full-time work and approximately 15% had parents who satisfied the definition of part-time work.

#### **Take-Up (Utilization) Rates**

I assumed that working poor families would have the same utilization rates for full-time and part-time care and that these rates are the same as those for AFDC families in part-time work. These rates are 45% for full-time and part-time care for children who are five years old and younger and 35% for children who are six years old and over. The average rate is

approximately 40%, representing about a 10 percentage points increase over average current rates for families below 130% of poverty (Current rates from SIPP).

### **Current Law**

In order to determine our net costs for working poor child care, I subtract what we are currently spending on the following programs: Child Care Development Block Grant (90%), Food Stamp Disregard, and At-Risk Child Care.

### **Unit Costs**

In my estimates, I used the same unit costs for AFDC and working poor families.

Although some 2 to 4 year olds will be in preschool, this estimate assumes that all of children will need full-year full-time or part-time care depending on their parents' participation in the labor force, JOBS or WORK. There is an offset for children in Head Start. These children are only assumed to need wrap-around care for the hours they are not in Head Start. For the purposes of these estimates, I assume that the average Head Start child is in care for 20 hours per week.

I assumed that the average 5 year old would be in kindergarten during the school year (38 weeks) for 3 hours per day, 5 days per week (Department of Education). The child would then need wrap-around care for the time they are not in school and full-time or part-time care during the summer (14 weeks). I also assumed that the average 6 to 12 year old would be in school during the school year for 6 hours per day, 5 days per week (Department of Education). If a child's parents work full-time, he or she would need 20 additional hours of care per week during the school year and 14 weeks of full-time care during the summer; if a child's parents work part-time, he or she would only need part-time care during the summer.

The costs we are using are weighted averages determined from data in the Profiles in Child Care Settings and National Child Care Surveys by multiplying the hourly cost of care in different day care settings (centers, regulated family day care and unregulated family day care) by the percentage of children in each setting. These weighted averages come out to approximately \$1.70 for children under 1, \$1.75 for 1-2 year olds, \$1.90 for 3-4 year olds, \$1.70 for 5 year olds, and \$1.80 for school age children (in FY1994 dollars) (PCCS-NCCS, 1990).

The 1994 full-time and part-time costs are shown in Table 1. In subsequent years, they will be inflated by inflation (3%) plus 1%.

**Table 1 - Unit Cost per Child**

<b>Age of Child</b>	<b>Full-Time</b>	<b>Part-Time</b>
<b>0</b>	4602	2779
<b>1</b>	4669	2820
<b>2</b>	4724	2875
<b>3</b>	4931	3044
<b>4</b>	5057	3147
<b>5</b>	3604	1791
<b>6-12</b>	2726	802

**Other Assumptions**

- I assumed an additional 8% cost for administration (ACF assumption).
- All costs are combined federal and state costs. No final decisions have been made on the issue of match rates.

March 14, 1994

Note to Wendell Primus

From: Steve Bartolomei-Hill

Subject: Cost estimates for eliminating special eligibility requirements for two parent families

This note provides an estimate of the impact of eliminating the special eligibility requirements for two-parent families. Five different sources were used to inform our estimate of eliminating these requirements. These sources are: TRIM2; Food Stamp Program QC data; SIPP; and, experiences in Michigan and Washington.

Of note, the estimates from these sources vary widely. In general, the estimates from TRIM2, FSP QC, and SIPP are in the same general ballpark, while the experiences in Michigan and Washington indicate that a somewhat different result could be expected.

I believe that the eligibility estimates generated by TRIM2 reflect the financial circumstances of low-income families. These estimates are supported somewhat by FSP QC and SIPP data. I also believe that some adjustments need to be made to the TRIM2 estimates. That is, while I am comfortable with the eligibility estimates (with a minor adjustment), the participation estimates need some adjustments.

Below I discuss the different sources and the estimates generated from them.

500,000 child only  
200,000 air benefit  
100,000,000

EXPERIENCE IN TWO STATES

Two states have received waivers to eliminate the 100-hour rule and the work history requirement: Michigan and Washington.

Michigan

Michigan implemented the change on October 1, 1992. From September 1992 to October 1993, the UP caseload in Michigan increased by 29 percent while benefit costs increased by 33 percent.

However, it is possible that not all of this caseload growth can be explained by the change in rules. For example, nationwide (net of Michigan and California) the UP caseload grew by 7 percent.

Much of the change experienced in Michigan results from state transferring two-parent families from a previously state-funded program into the AFDC program. The state estimates that about 2/3 of the growth is directly attributable to transferred cases.

## Washington

Washington implemented the change in July 1988 as part of a state welfare reform demonstration. The two-parent rule changes were repealed after 10 months due to rapid increases in the caseload. At that time, UP caseloads had increased 50- to 65% in demonstration sites (overall 63%). However, further evaluation may suggest that some of the increase was related to other changes that were made as part of the reform. Net of those changes, it appears that elimination of the special eligibility requirements for two-parent families increased the UP caseload by 25 to 30 percent.

### ESTIMATES FROM SURVEY AND PROGRAM DATA

#### TRIM2

TRIM2, a CPS-based microsimulation model developed and used by the Urban Institute, estimates that elimination of the special eligibility requirements for two-parent families would increase the UP caseload by 90 percent and increase annual AFDC benefits by 62 percent.

TRIM2 estimates that the number of new eligibles would increase by 95 percent (470,000 in 1991). Of these, 259,000 were simulated to be receiving Food Stamps.

Notes about the TRIM2 estimates:

TRIM2 does not simulate the quarters of work rule. However, TRIM2 requires that the principal wage earner be in the labor force. It is possible that this requirement may be more stringent than current practice. If so, this would mean that TRIM2 underestimates the number of eligibles under current law. This would influence the estimates in two ways:

- 1). Because it would underestimate the number currently eligible, it would overstate the number that would become newly eligible under the reform option.
- 2). Because it would underestimate the number currently eligible, the participation function used in TRIM2 would be too high.

The combination of these two (too many new eligibles estimated, and too high of a participation function) would mean that the TRIM2 estimates would be too high.

Of note, I believe that the concern above is legitimate. However, changing TRIM2's eligibility criteria would bias the estimates in the other direction. As a matter of practice, TRIM2's labor force attachment requirement is

*Double  
the UP  
caseload*

likely a good proxy for caseworker behavior, although there would be some exceptions.

TRIM2 also estimates that Food Stamp costs would increase by 1.2 percent. This results from many of the newly participating AFDC units also becoming newly participating Food Stamp households.

#### FOOD STAMP PROGRAM QUALITY CONTROL (FSP QC) DATA

FSP QC data was used to estimate the effects of the rule change from units currently receiving Food Stamps. The analysis was limited to "pure" two-parent households with children under age 18. That is, the analysis does not include two-parent families when someone outside the family is included in the food stamp unit. Further, the analysis does not include units that do not currently receive Food Stamps (TRIM2 estimates that there would be 210,000 newly eligible units from this group). Estimates from FSP QC indicate that from current food stamp households alone that UP caseloads would increase by 63 percent (204,000 units in 1992) and benefits by 36 percent.

#### SIPP

SIPP was not used to estimate the impacts of this reform option. However, tabulations were done on the number of low-income two-parent households to check the estimates from other sources. These tabulations are of reported income and program participation, and do not correct for underreporting.

In January 1992, among pure two-parent households with children under age 18, there were 197,000 with income below 50 percent of poverty who reported receiving Food Stamps but not AFDC; another 94,000 with income between 50 and 75 percent of poverty reported receiving Food Stamps but not AFDC.

Assuming 90 percent of those under half of poverty and 50 percent of those with income between 50 and 75 percent of poverty would be eligible if the two-parent eligibility requirements were eliminated would yield 224,000 newly eligible units from among those currently receiving food stamps. This estimate is close to both the FSP QC and TRIM2 estimates. Note, too, the SIPP tabulations are for pure two-parent households only.

There were another 320,000 households with income below 75 percent of poverty who reported receipt of benefits from neither program.

Also of note, SIPP tabulations show 258,000 two parent families with incomes above 75 percent of poverty report food stamps but not AFDC. This suggests that the tabulations above may understate increases in AFDC eligibility, and that even under the

reform, many households would be eligible for food stamps but not AFDC.

### OPTIONS

It seems that there are three options for estimating the costs of eliminating the special eligibility requirements for two-parent families.

- 1). Using estimates from the experiences in Michigan and Washington;
- 2). Using estimates generated by TRIM2, perhaps with some adjustments for the noted concern on estimates of those currently eligible; and,
- 3). Selecting a point estimate between that generated by options 1 or 2 above.

Options 1 and 2 are discussed below. Absent a rationale for the point estimate, option 3 isn't much of an option.

#### 1. Michigan and Washington

It is difficult to argue against using estimates based on the experiences of Michigan and Washington. Both cases provide evidence of what would happen to caseloads based on actual experience.

Unfortunately, neither state reform effort has an evaluation component that can indicate why caseloads changed as they did. For example, it is unknown whether cases came from current food stamp households, or households who were brought into the welfare system as a result of the reform. Further, it is difficult to isolate the impact of the change from other changes that may have been occurring locally or nationally (recall, Michigan's change was made during a recession).

One note, in Michigan, benefit costs increased more than the caseload increased. This result is different than those generated by TRIM2 or FSP QC, and different than what one would expect. I have contacted the state for possible explanations.

Extending Michigan's experience of a 33 percent increase in benefit costs to the entire UP caseload would increase AFDC costs by \$730 million in 1999.

#### 2. TRIM2

TRIM2 is time-tested and well-understood as a tool for estimating expansions to the AFDC program. Further, it appears that the estimates generated by TRIM2 could be substantiated by the FSP QC results and SIPP tabulations.

In addition to the concerns noted above regarding TRIM2's estimation of currently eligible UP units, it may be appropriate to adjust TRIM2's participation function for those who would become newly eligible for AFDC among those who are eligible for but not participating in the Food Stamp program. One could reasonably expect that those people who have a lower propensity to participate, given that they aren't presently receiving benefits for which they are eligible.

Without adjustments, TRIM2 estimates that AFDC costs would increase by \$1.37 billion in 1999. Additional Food Stamp costs would increase the total to \$1.66 billion in 1999.

#### RECOMMENDATION

I believe that TRIM2's eligibility estimates represent the financial circumstances of low-income two parent families who could become eligible for AFDC. However, I have made an additional adjustment to reflect that TRIM2 may underestimate the number who are currently eligible.

Therefore, I recommend the following:

- 1). Adjust the current law estimate of eligible households upward by assuming that 20 percent of those "newly eligible" based solely on the labor force participation screen are in fact currently eligible.<sup>1</sup>
- 2). This has the effect of increasing the number of currently eligible units (by 26,200); decreasing the number of newly eligible units (by 26,200); and, decreasing the participation rate among currently eligible units (from 54.5% to 51.9%).
- 3a). If we stopped there, and applied the new participation rate to the new estimate of eligibles, we would increase the caseload by 80.2 percent and increase costs by 55.5 percent.

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1. I believe this is a reasonable estimate. We can ask for a simulation that would indicate the impact of the labor force participation screen if it were applied universally.

In 1988, TRIM2 was used to estimate the impact of mandating UP in all states. TRIM2 estimated that this would increase federal costs by \$98 million in FY 92. Actual costs in the new states were \$91 million in FY 92 (a 7 percent difference). While this estimate is close, recall that there was a recession that increased UP caseloads in all states. Absent the recession, it seems reasonable that TRIM2 may have overestimated eligibility by 20 percent (with more time, we could take a modestly more scientific approach).

In the recommendation above, I have ignored the distinction between newly eligible units who are and are not current FSP recipients. But, we need to think about the secondary effects of this reform on the Food Stamp program.

Some individual components of the participation estimates generated by TRIM2 do not make sense (although, in the aggregate, they appear reasonable). As an example, TRIM2 estimates a participation rate of 51 percent for all new eligibles. However, the simulated participation rates for current food stamp recipients are lower than the simulated participation rates for those who do not currently receive food stamps. This does not make sense. Therefore, I believe another "adjustment" is necessary.

TRIM2 estimates that 55 percent of new eligibles currently receive Food Stamps, and 45 percent of new eligibles do not receive Food Stamps. In the aggregate, we should expect that current food stamp recipients are more likely to receive AFDC because they are already in the welfare system and have demonstrated a willingness to accept benefits (this is not reflected in TRIM2's participation estimates).

I attempted to apply different participation rates to each group, but the results would only increase the TRIM2 aggregates. For example, if I assumed 85% of FSP units and 15% of non-FSP units participated in AFDC, I would end up with more new units than TRIM2 estimated. I preferred generating a new participation number in this manner, but it does not make sense for new units to have a higher participation rate than currently eligible units.

Instead, we might say that some percentage of new recipients come from current FSP units, and some come from those not currently receiving FSP benefits. For example, 80 percent and 20 percent, respectively, may be appropriate ratios.

TRIM2 would have to be "hard wired" to come up with this, or we would have to make the adjustment out of model. In any event, this would reduce the current TRIM2 estimate that FSP costs would increase by 1.2 percent (\$300 million in 1999). In fact, it would likely generate Food Stamp savings.

Finally, I don't believe that our assumption that it would take three years before the full caseload affects would be felt is a good assumption. Michigan and Washington experienced their caseload growth in a relatively short period of time. And, looking at caseloads in the new UP states may suggest that two-years is a sufficient period before the full impacts of the program can be expected.

A note on these costs:

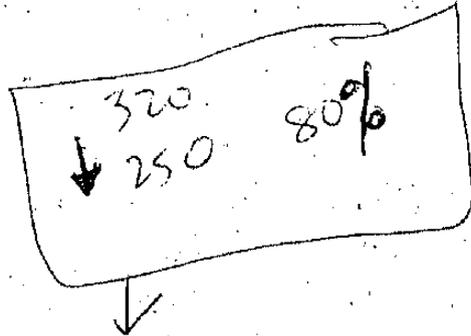
The mandatory UP provisions of the Family Support Act expire on October 1, 1998. These estimates assume that all states will continue to operate UP programs as they do under current law. However, CBO may score this differently. This would potentially increase the costs of this provision.

Also, the participation rates used in TRIM2 are historically low, in part resulting from the extension of eligibility for two-parent families in all states (likely also a function of economic conditions). Subsequent years of the CPS may have higher participation rates, which would increase the costs of this proposal. For example, when TRIM2 was based on the 1990 CPS, the UP participation rate was 79 percent. The current model, which uses the 1991 CPS, uses a participation rate of 54 percent.

Costs (AFDC costs increased by 55% over the UP baseline. Also, at this time, we will assume no food stamp costs, although our assumptions will likely generate some modest food stamp savings (modest housing savings will be experienced as well, and are not reflected here)

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>Total</u>
AFDC	0	0	600	1,200	1,200	3,000
FSP			Savings TBD			

Calif?  
Illinois



2-parent

March 16, 1994

Note to Wendell

From: Steve

Addendum to UP estimate

Two things that could result in lower estimates.

- 1). I am reconsidering my conclusion on the take-up rate. In concluding that two years was ample time, I wasn't considering the average monthly caseload, but the caseload at the end of each year. Therefore, I will look at the caseload data from the new UP states and see if it is appropriate to phase in the costs more slowly.
- 2). When TRIM2 removes all special eligibility requirements for two-parent families, it removes all special requirements. Most notably, it eliminates the labor force attachment requirement. As a result, it brings in students and others not in the labor force.

We could require labor force attachment -- for example, requiring that UPS participate in JOBS, or register with the state employment agency (this is the spirit of current law). Of course, some would do that, and some students could have their education count as JOBS. Nonetheless, some would get screened out.

cc: Bill, Tom, Reuben, Don, Canta

March 16, 1994

Note to Wendell

From: Steve Bartolomei-Hill

Subject: Reinventing Government Savings

Several filing unit issues regarding reinventing government are discussed below. Relevant TRIM2 simulations are attached.

Note, these costs are not additive. That is, if all the policy options were selected, the total impact would be less than the sum of the individual impacts.

1. Reduce Payment Standard for Child-Only Units

First, some caveats. Reuben did some work on child only units last summer. He found that the number is growing, and it is somewhat volatile. For example, this analysis is based on the 1991 QC model at the Urban Institute, and estimates that 13% of units are child-only units. Reuben found that in FY 1992 15% of units were child only. A graphic done by Reuben showing changes in the number of child-only units is attached.

The estimates below come from the FY 91 AFDC-QC model.

The policy simulated here was to set the payment standard and maximum payment for child-only units equal to the increment of between the levels for n+1 people and 1 adult.

In 1991, such a policy would have reduced the AFDC caseload by .4%, and resulted in monthly benefit savings of 4.3 percent.

Applying that AFDC benefit savings percentage to the baselines in other years would yield the following savings:

	AFDC Savings	Food Stamp Costs
1995:	\$ 1.00 billion	\$ .0 billion
1996:	1.03	.0
1997:	1.07	.0
1998:	1.10	.0
1999:	1.14	.0
5-years:	\$5.34 billion	\$ . billion

Food Stamp estimates generated by the QC model were implausible. I am having some tabulations done that will be used to do out-of-model adjustments. For now, I think Food Stamp costs of \$1.5 billion per year is close to what we can

expect, for net five year savings of \$3.84 billion. I also will need to make an adjustment for increases in housing costs, which will decrease the savings slightly.

Impacts in California are forthcoming (California has roughly 1/4 of all child only units).

Notes:

There were 560 million average monthly child only units in 1991 -- about 13 percent of the AFDC caseload.

Almost all (99%) of those units were negatively affected by this proposal. 95 percent received lower benefits -- an average of \$130 less per month. 4 percent lost eligibility entirely, averaging \$282 per month.

Attached is a table Cantu did showing how the payment standard would have changed if this policy were in effect in January 1992.

We can't examine poverty impacts because AFDC QC data is used. TRIM2 is not a good source for examining child-only units.

## 2. Include SSI recipients in the AFDC unit

The policy option simulated here is to not exclude people from the AFDC unit based on SSI receipt. Unlike other times we have simulated this option, this time we did not include a disregard for income from SSA programs.

Some caveats:

TRIM2 does not identify children younger than 15 as SSI recipients. It would appear, then, that these estimates would be much too low, because SSI kids are missed. However, TRIM2 does note the presence of SSI income in the family; it is usually assigned to an adult -- perhaps erroneously to the AFDC casehead. Nonetheless, in those cases, it would bring an SSI recipient into the unit.

TRIM2 is based on the 1991 CPS. Therefore, any growth in SSI caseloads among people who would otherwise be in an AFDC unit would not be reflected in these estimates.

TRIM2 estimates that including SSI recipients in the AFDC unit would reduce the average monthly number of units by 5.1 percent and reduce annual AFDC benefits by 5.4 percent. Some of these savings were offset by increases in Food Stamps (1.6% of baseline) and housing (.6% of baseline).

	AFDC (savings)	Food Stamps (costs)	Housing (costs)	TOTAL (savings)
1995:	\$1.25 bil.	.38	.13	.74
1996:	1.29	.39	.13	.77
1997:	1.34	.41	.14	.79
1998:	1.38	.42	.14	.82
1999:	1.44	.44	.14	.86
5-year:	\$6.70	\$2.04	\$ .68	\$3.98

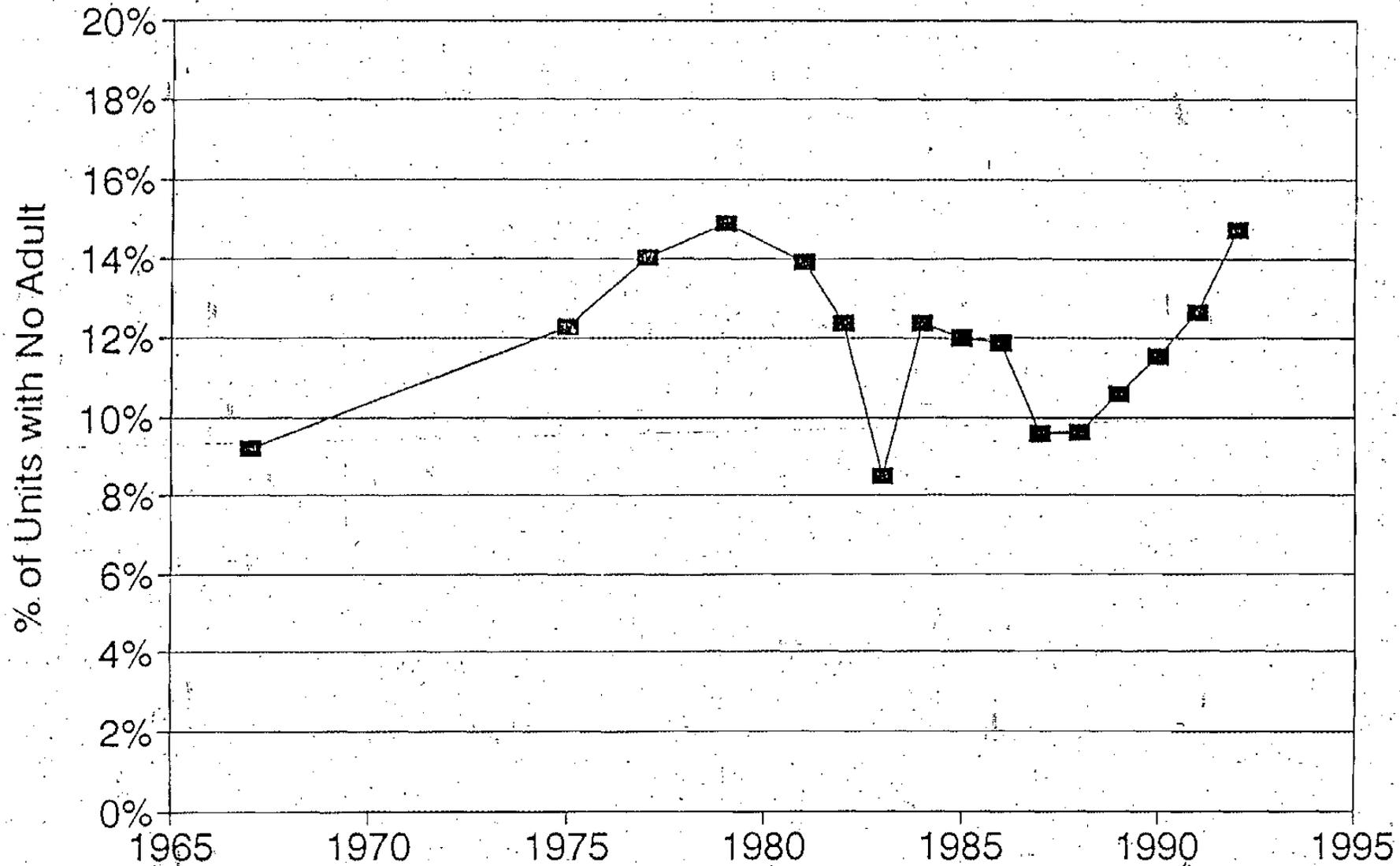
**Poverty Impacts:**

If one defines income to include Food Stamps and housing assistance, and the relevant unit is the household (versus the Census definition of the family), then, among households who would participate at some time during the year in either the baseline or the alternative:

- # of Households in poverty increases by 2.3% (50,000 households)
- # of kids in poverty increases by 1.7 percent (88,000 kids)
- The poverty gap increases 3.1 percent (\$234 million).

# UNITS WITH NO ADULT RECIPIENT

## U.S. Average



Source: ACF. Note: 1979 was 14.9% and 1992 was 14.7%

January 1992 Need and Payment Amounts

	Pay. Stand. for 1 Adlt.	Pay. Stand. for 1 Chld	Diff.	Pay. Stand. for 2	Diff. bet 2&1	Diff. Bet. 2&1chld	Diff. bet 2:1 &1
Alabama	100	100	0	123	23		-77
Alaska	498	315	183	792	-	477	162
Arizona	198	198	0	266	68		-130
Arkansas	81	81	0	162	81		0
California	341	341	0	560	219		-122
Colorado	253	117	136	331	-	214	97
Connectic	356	356	0	473	117		-239
Delaware	201	201	0	270	69		-132
DC	258	258	0	321	63		-195
Florida	167	167	0	225	58		-109
Georgia	155	155	0	235	80		-75
Hawaii	396	396	0	531	135		-261
Idaho	208	208	0	254	46		-162
Illinois	212	102	110	268	-	166	64
Indiana	155	155	0	255	100		-55
Iowa	183	183	0	361	178		-5
Kansas	239	239	0	321	82		-157
Kentucky	162	162	0	196	34		-128
Louisiana	72	72	0	138	66		-6
Maine	214	127	87	337	-	210	83
Maryland	167	167	0	294	127		-40
Massachu	392	392	0	486	94		-298
Michigan	332	116	216	446	-	330	214
Minnesota	437	250	187	532	-	282	32
Mississipp	218	218	0	293	75		-143
Missouri	132	132	0	228	96		-36
Montana	232	83	149	310	-	227	144
Nebraska	222	222	0	293	71		-151
Nevada	246	246	0	309	63		-183
New Ham	145	145	0	451	306		161
New Jerse	162	162	0	322	160		-2
New Mexi	192	192	0	258	66		-126
New York	352	352	0	468	116		-236
North Car	177	177	0	231	54		-123
North Dak	217	108	109	326	-	218	110
Ohio	199	199	0	274	75		-124
Oklahoma	211	95	116	264	-	169	74
Oregon	297	202	95	380	-	178	-24
Pennsylva	205	205	0	316	111		-94
Rhode Isla	327	327	0	449	122		-205
South Car	261	261	0	350	89		-172
South Dak	284	162	122	357	-	195	33
Tennesse	95	95	0	142	47		-48
Texas	75	63	12	158	-	95	32
Utah	233	233	0	323	90		-143
Vermont	768	768	0	937	169		-599
Virginia	157	157	0	231	74		-83
Washingto	339	339	0	428	89		-250
West Virgi	145	145	0	201	56		-89
Wisconsin	248	248	0	440	192		-56
Wyoming	414	414	0	585	171		-243
Guam	60	60	0	120	60		0
Puerto Ric	32	32	0	56	24		-8
Virgin Isla	82	82	0	180	98		16

# THE URBAN INSTITUTE

## MEMORANDUM

TO: Steve Bartolomei-Hill

FROM: Linda Giannarelli<sup>1</sup>

SUBJECT: Simulation Q, with the AFDC-QC model:  
Reducing benefits for child-only units

DATE: March 15, 1994

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Attached are two tables with the results of simulation Q. We simulated this alternative using the AFDC-QC model for FY 1991. Let us know if you need more details.

### What we simulated

We modified both the payment standard and the maximum payment (but not the need standard) for child-only units.

For a child-only unit of  $n$  children (and 0 adults) we set the payment standard to the difference between the payment standard for  $n+1$  people and the payment standard for 1 adult. And we set the maximum payment to the state's maximum payment for  $n+1$  people minus the maximum payment for 1 adult. Notice that the calculation uses the payment standards and maximum payments for 1 adult; some states have lower payment standards and maximum payments for units consisting of just one child vs. units consisting of just one adult.

### The results

The results look good. Keep in mind that all the data apply to the average month.

Table 1 gives the aggregate results. Average monthly caseload falls by .4 percent, because the reduction in the payment standard and maximum payment is enough to make some units ineligible for any benefit. Total benefits fall by 4.3 percent.

Table 2 shows more detail on the losers. A total of 552 thousand units lost some or all benefits. This seems correct because published data show about 560 thousand

---

<sup>1</sup>Paul Johnson did the programming for this analysis.

child-only units in FY 1991.<sup>2</sup> Most of the units losing benefits in the simulation, 532 thousand, received lower benefits but were still eligible; the average loss was \$130. Only a handful lost all their benefits.

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<sup>2</sup> Probably, all the child-only units the model found lost some or all benefits. The difference between our 532 thousand and the 560 thousand in the published data is probably due to our dropping some units from the QC model's baseline simulation because they look ineligible. We could check this to be certain if you think it's important.

TABLE 1  
EFFECT OF REDUCING PAYMENT STANDARD AND MAXIMUM PAYMENT  
FOR CHILD-ONLY UNITS<sup>1</sup>

BASED ON THE AFDC-QC MODEL, FY 1991.

	Baseline: 1991 law	Alternative: Reduce bens: for child-only	Percent chg: Alternative vs. Baseline
Average Monthly Caseload			
Units (mill.)	4.375	4.356	-0.4%
Persons (mill.)	12.974	12.939	-0.3%
Benefits (bil. of 91 \$)	\$1.731	\$1.657	-4.3%
Avg. benefit per unit	\$396	\$380	-3.9%
Annual Benefits (bil of 91 \$)	\$20.776	\$19.878	-4.3%

Source: The Urban Institute's AFDC-QC model, FY 1991 data

<sup>1</sup> For a unit consisting of n children and 0 adults, the payment standard and maximum payment are both set to equal the amount for n+1 people minus the amount for 1 adult.

TABLE 2  
 AFDC STATUS CHANGES DUE TO  
 REDUCING PAYMENT STANDARD AND MAXIMUM PAYMENT  
 FOR CHILD-ONLY UNITS<sup>1</sup>

BASED ON THE AFDC-OC MODEL, FY 1991

TYPE OF CHANGE	Number of units (mill.)	Reduction in AFDC Benefits	
		Aggregate (bill.)	Per unit w/ this change
Lower benefits, still eligible	0.532	\$0.069	\$130
Become ineligible	0.019	\$0.005	\$282
TOTAL	0.552	\$0.075	\$136

Source: The Urban Institute's AFDC-QC model, FY 1991 data

<sup>1</sup> For a unit consisting of n children and 0 adults, the payment standard and maximum payment are both set to equal the amount for n+1 people minus the amount for 1 adult.

WR-\$

PRIMARY ISSUES

1. Should Administration propose a coordination of the tax and transfer system?
2. Is this primarily a device for controlling abuse in transfer system, reducing EITC abuse, collecting child support or recapturing benefits from families with part year earnings or experiencing household composition changes throughout the year?
3. How do we get better estimates of potential abuse?
4. How should coordination work - simply include benefits in AGI or develop a separate worksheet.
5. If benefits in AGI, which ones and how should interaction with EITC work?
6. If worksheet, what should the four parameters be? See attached paper.
7. What other entitlement reforms or taxation options should be considered?

→ REMOVE EITC DISINCENTIVES TO MARRIAGE, FILIT FRAUD

40-45% of AFDC w/lt have non-AFDC members in them (70% of those non-AFDC have avg income of \$25k)

"BE KIND, TELL THE TRUTH. EAT GOOD FOOD." (Ellen's button)

3 TYPES OF FAMILIES: 1 HAS \$18K IN EARNINGS, 1 HAS \$9K IN EARNINGS + \$9K IN VI, 1 HAS \$9 EARNINGS + \$9 IN TRANSFERS  
- 1<sup>st</sup> 2 FAMILIES GET REDUCED EITC

EITC PARTIC. RATE IS ABOVE 100%

[BR: Count AFDC as income for EITC purposes, OR Count EITC as income for AFDC purposes? - MINUS CS PASS-THRU?]

Alicia: Count AFDC, SSE, FS AS AGI (FROM THE RT. WING)

Wendell: DISALLOW EITC FOR ANYONE WHO OWES CS?

\* → [BR: Reduce both Soc. Sec. #'s TO QUALIFY FOR EITC]

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET

WR-5  
Family  
Cap.

ROUTE SLIP

TO <u>Buce</u>	Take necessary action <input type="checkbox"/>
<u>Kutai</u>	Approval or signature <input type="checkbox"/>
	Comment <input type="checkbox"/>
	Prepare reply <input type="checkbox"/>
	Discuss with me <input type="checkbox"/>
	For your information <input type="checkbox"/>
	See remarks below <input type="checkbox"/>
FROM <u>Belle</u>	DATE <u>2-22</u>

REMARKS

FYI - These are estimates we <sup>(Buce + D)</sup>  
discussed on the phone. The  
difference between CBO and HHS, as I  
understand it, is due to differing  
assumptions not to state behavior.

**Republican Welfare Reform Bill HR. 3500**  
**A comparison of preliminary HHS and CBO pricing**  
**(in millions of dollars)**

<u>Title and Section</u>		<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	
305 No Additional Benefits for New Children							
CBO*	AFDC	-90	-200	-260	-320	-350	-1,220
	Food Stamps	<u>50</u>	<u>100</u>	<u>140</u>	<u>160</u>	<u>190</u>	<u>640</u>
	Total	-40	-100	-120	-160	-160	-580
HHS	AFDC	-160	-440	-620	-810	-1,020	-3,050

\* CBO has indicated that these AFDC savings estimates are a little high and will be reestimated.

## State Matching

Several principles have guided the deliberations of the working group in formulating our policies. All cost numbers reported in this memo refer to a total change in federal and state costs of welfare relative to current law. The principles are:

1. In the aggregate, states should not bear any additional costs.
2. There will be state matching for all programs in the welfare system - AFDC, child care, JOBS, WORK, administrative costs, and child support. The state matching rate should not be zero for entities with no investment of their own funds are likely to be less vested in the outcome of the program.
3. If the state bears no additional cost relative to current law, there should be significant penalties for not spending all federal monies allocated to the state provided there was significant need in the state.
4. To the extent possible, administrative matching rates should be standardized across programs within a given state.
5. Poor performance by a state relative to other state as measured by a well defined performance measure should be reflected in reduced funds allocated to the poor-performing state.
6. To the maximum extent possible, principle number one which is our most important principle should also apply to each individual state. However, that will not always be possible especially if under current law not all funds allocated to the state for child care or JOBS were not utilized.

As the overall policies in this proposal are finalized, the working group intends to work closely with the states in ascertaining the fiscal impact upon each state.

Add 11

COSTS  
WR - (State Match)

## Materials for State Match Discussion

Some initial thoughts on match rate issues/principles:

The programs to be covered by the match rate analysis include:

1. Administration -- 50% (AFDC, JOBS, Child Care)
2. AFDC -- FMAP (50--80%)
3. JOBS -- FMAP with a floor of 60% (90% for WIN \$\$)
4. TCC -- FMAP
5. IV-A Child Care -- FMAP
6. At-Risk Child Care -- FMAP
7. WORK --
8. WORK Wages --
9. Child Support -- 66% plus incentives equal to 6-10% of afdc and nonafdc collections

\*\*\*\* Child support currently not in the analysis.

State financial participation (SFP) in any program or program component should not be less than 20%.

Any enhanced payments (e.g. 90% for ADP) must be time limited and should be performance based.

The current 90% match rate for WIN money would be discontinued.

Administrative costs must be continued at a 50% match to avoid cost shifting between programs (i.e. Medicaid and FS).

Benefits would continue at FMAP. Work for wages where wages are a function of benefit would be matched at FMAP.

Investment programs -- JOBS, WORK, Child Support and Child Care would have the same base match rate -- e.g. 70%, FMAP plus 10, etc.

Match rates could vary between states but not within states across investment programs.

Incentives must be related to the match rate.

Incentives would differ by program but in no case can a state's combined match rate and incentives exceed 90% in any program or program component.

States should be rewarded with higher federal financial participation (FFP) (5 to 10 percentage points) for spending all allocated federal monies for investment programs or program components rather than sanctioned for poor performance.

Option to vary the match rate by a state's level of effort -- in this case a state would be allocated JOBS, WORK and child care dollars based on caseload and possibly other need based factors. The amount of a state's drawdown of the allocation would be a measure of effort; this would be calculated on a quarterly basis. The match could vary by the proportion drawn. Incentives would be based on program effectiveness to avoid states running inefficient programs (i.e. spending down all their allocation but serving few mandatories, etc.).

Match rates for JOBS and WORK could include a counter-cyclical adjustment to avoid penalizing a state with high unemployment.

Allow states some flexibility between JOBS and WORK monies. While this could potentially work both ways it would provide a state the option of drawing down more federal money for investments within the two year time limit.

States can not use working poor child care funds for TCC or IV-A child care.

Lower state match (e.g. 25%) while a person is on a waiting list if within two years of time limit. *good*

Issue: In WORK as in current JOBS the delineation between service and administrative costs will be bothersome -- WORK functions such as worksite development and worker assignment, participant monitoring, enforcement/sanctioning. Is developing and monitoring a work slot administration or service?

Some proposals:

In this analysis we present two basic proposals. In the first proposal we maintain the current law match rates for the administration of the AFDC and child care programs and AFDC benefits including WORK wages and supplements. The match rate for investment programs (JOBS, WORK and child care) is set at a flat 75% federal share (including administration of JOBS and WORK).

The second proposal has four increasingly generous match rates for investment programs. The match rate for investment programs is based on the current JOBS-FMAP and is increased by 5, 7, 8 and 10 percentage points. This proposal maintains current law match rates for administration of the AFDC and child care programs and AFDC benefits including WORK program wages and supplements.

PROGRAM	Current Law	Proposal 1	2a	2b	2c	2d
Admin (AFDC, JOBS, CC) <sup>1</sup>	50%	50% ex. JOBS	50% ex. JOBS	50% ex. JOBS	50% ex. JOBS	50% ex. JOBS
AFDC Benefits	FMAP 50-80%	FMAP	FMAP	FMAP	FMAP	FMAP
JOBS -- Services	FMAP 60-80% (WIN @ 90%)	75%	JOBS- FMAP +5	JOBS- FMAP +7	JOBS- FMAP +8	JOBS- FMAP +10
Child Care (At-risk, IV-A, TCC)	FMAP	75%	JOBS- FMAP +5	JOBS- FMAP +7	JOBS- FMAP +8	JOBS- FMAP +10
WORK -- Services	--	75%	JOBS- FMAP +5	JOBS- FMAP +7	JOBS- FMAP +8	JOBS- FMAP +10
WORK -- Wages and Supplement	--	FMAP	FMAP	FMAP	FMAP	FMAP

Note: The current simulation model does not differentiate between services and administrative costs for JOBS and WORK programs. The impact of this omission is that we underestimate state expenditures.

Table 1  
Current Law Projected Expenditures and  
Reform Proposal

PROGRAM	CURRENT LAW	REFORM PRO- POSAL	CHANGE
AFDC BENEFITS	\$26,520	\$26,300	(\$220)
AFDC AND CHILD CARE ADMINISTRATION	3,591	3,591	0
JOBS	1,648	2,398	750
AFDC/JOBS/WORK CHILD CARE	1,080	2,165	1,085
TRANSITIONAL CHILD CARE	360	620	260
WORKING POOR CHILD CARE	526	2,401	1,875
WORK - OPERATING COSTS	0	862	862
WORK - WAGES (ABOVE AFDC)	0	362	362
TOTAL	\$33,725	\$38,699	\$4,974

Table 1 contains ACF projections for FY 99 current law expenditures by program for the programs under consideration in this analysis. The total FY 99 expenditures is expected to be \$33.7 billion. Under the reform proposal an additional \$4.97 billion is estimated for a total of \$38.7 billion. In our analyses of state expenditures under FY 99 current law and welfare reform we allocate total expenditures to the states according to the following:

ALLOCATION OF NEW EXPENDITURES

**JOBS:** Based on FY 93 allotment of JOBS cap.

**JOBS/WORK CHILD CARE:** Based on FY 92 AFDC caseload.

**TRANSITIONAL CHILD CARE:** Based on FY 92 AFDC caseload.

**WORKING POOR CHILD CARE:** Based on FY 93 allocation of At-Risk Child Care cap.

**WORK:** Based on FY 92 AFDC Caseload.

**CASELOAD REDUCTION SAVINGS:** Based on allocation of new JOBS expenditures.

Table 2. (attached) contains the ACF projection for FY 99 current law expenditures and the calculation of federal and state expenditure shares across all programs (AFDC, JOBS, child care programs). The match rate for benefits is set at FY 95 FMAP. The match rates for JOBS and child care are set at FY 95 JOBS-FMAP and FMAP levels. Total across program expenditures are projected at \$33.6 billion (note - our state by state analyses exclude Puerto Rico and the territories). The federal share is \$18.4 billion (55 percent) and the states share being the remaining \$15.2 billion. Note that ACF budget projections for FY 99 indicate that states, in the aggregate, will drawn down about 98.5% of the \$1 billion in federal JOBS money.

Tables 3 through 7 contain the match rate alternatives applied to budget projections based on the reform proposal. Total expenditures across all programs is \$38 billion including \$4.97 billion for the reforms.

Each table (3 through 7) contains six columns. The first and second columns contain the federal and state shares of the total projected expenditures under the reform proposal calculated using the new match rate. The third column displays the change in state dollars needed to fund the reform increase. The fourth column shows the percentage change in state expenditures from their baseline expenditures displayed in Table 2. The fifth column displays the percentage of the reform costs that would be borne by the state. The final column displays the state's effective match rate across all programs.

Under Proposal 1 in Table 3 benefits (including WORK wages and supplementation) would be matched at current FMAP levels and investment programs would be matched at 75/25 federal/state. The total change in state financial participation (column 3) is \$.78 billion or 5% over current law baseline projections. The variation between states in the percentage increase in expenditures between baseline and reform (column 4) ranges from a low of 1% in Delaware (California 3% and New York 2%) to a high of 40% in Mississippi. The state share of new expenditures (column 5) is 16% of the cost of the projected FY 99 budget increase due to welfare reform, \$.78 of the total \$4.9 billion reform package. While the overall number is well within the 20% figure that the states' share of the reform expenditures not exceed, thirteen (13) states exceed a 20% share.

Under Proposal 2a displayed in Table 4 benefits (including WORK wages and supplementation) would continue at current FMAP and investment programs would be matched at the current JOBS FMAP plus 5 percentage points (the floor moves from 60 to 65% while the highest match would be about 83% thus violating the principle of minimum state participation). The total change, under this proposal, in SFP is \$1.4 billion or 10% over current law

projections of state expenditures. The variation between states in the percentage increase in expenditures between baseline and reform (column 4) is quite large -- ranging from a low of 5% in New York and Alaska to a high of 25% in Texas. The state share of new expenditures for the reform (column 5) would be 29% or \$1.4 billion. The state share of the costs vary from a low of 14% in Mississippi to a high of 35% in Wisconsin. Fifteen states would have to contribute more than 30% of the cost of the reform under this match rate proposal.

Proposals 2b through 2d differ from proposal 2a in that they incrementally increase the JOBS-FMAP by 7, 8 and 10 percentage points, respectively. The overall affect of moving from JOBS-FMAP +5 to JOBS-FMAP +10 is that the state share of new expenditures declines to 20 percent in Proposal 2d shown in Table 7. Even in this more generous proposal 23 states exceed 20 percent financial participation. JOBS-FMAP +10 also puts the highest match rates for JOBS, WORK and child care at about 88% federal participation.

Table 2

## PROPOSAL 1

Investments (JOBS, WORK Operating Costs, and Child Care) at 75% Federal Match  
 Benefits (AFDC and WORK) at FMAP  
 Administration (AFDC and Child Care) at 50% Federal Match

	Reform Proposal Federal Share FY 1999	Reform Proposal State Share	Change in State Dollars Spent	Percent Change from Baseline	State Share of New Expenditures	Effective Federal Match Rate
Alabama	168.92	73.36	14.28	24%	25%	70
Alaska	91.54	80.38	1.73	2%	13%	53
Arizona	318.07	159.14	11.02	7%	16%	67
Arkansas	90.30	36.33	7.13	24%	23%	71
California	4669.76	4060.57	124.78	3%	15%	53
Colorado	190.84	132.14	8.43	7%	15%	59
Connecticut	327.56	270.70	8.61	3%	12%	55
Delaware	46.53	34.05	0.49	1%	4%	56
District of Columbia	104.03	88.59	2.99	3%	16%	54
Florida	888.92	567.87	38.77	7%	17%	60
Georgia	540.60	294.26	21.35	8%	16%	65
Hawaii	113.62	99.06	3.88	4%	19%	53
Idaho	41.73	19.56	2.98	18%	24%	68
Illinois	847.93	664.50	42.27	7%	17%	56
Indiana	314.61	170.56	13.23	8%	16%	65
Iowa	185.42	102.74	8.84	9%	20%	64
Kansas	151.97	91.79	5.00	6%	13%	62
Kentucky	301.68	139.95	16.00	13%	21%	68
Louisiana	270.94	105.79	22.13	26%	25%	72
Maine	118.52	64.28	4.03	7%	17%	65
Maryland	349.91	268.01	8.89	3%	10%	57
Massachusetts	665.46	551.89	7.93	1%	7%	55
Michigan	1160.55	798.21	39.01	5%	17%	59
Minnesota	404.98	293.50	9.44	3%	12%	58
Mississippi	146.05	50.84	14.49	40%	26%	74
Missouri	343.55	197.92	14.41	8%	15%	63
Montana	81.44	26.91	3.20	13%	25%	70
Nebraska	103.70	59.89	2.41	4%	11%	63
Nevada	55.84	42.04	2.82	7%	15%	57
New Hampshire	57.73	43.44	1.19	3%	7%	57
New Jersey	594.70	476.77	22.16	5%	15%	56
New Mexico	146.07	57.15	7.21	14%	24%	72
New York	2503.04	2145.34	38.17	2%	9%	54
North Carolina	492.16	250.09	18.37	8%	15%	66
North Dakota	38.22	17.66	1.89	12%	22%	68
Ohio	1083.14	629.50	36.96	6%	15%	63
Oklahoma	257.13	117.48	9.96	9%	20%	68
Oregon	235.42	133.55	8.77	7%	18%	64
Pennsylvania	944.15	663.13	27.48	4%	13%	59
Rhode Island	117.59	81.27	2.20	3%	10%	59
South Carolina	169.59	73.98	13.35	22%	25%	70
South Dakota	34.73	15.89	2.24	16%	23%	69
Tennessee	332.91	161.39	18.15	13%	20%	67
Texas	816.50	410.83	56.33	16%	19%	67
Utah	113.59	45.78	6.51	17%	25%	71
Vermont	64.90	38.26	1.73	5%	15%	63
Virginia	270.99	196.40	13.03	7%	14%	58
Washington	609.76	474.58	8.90	2%	8%	56
West Virginia	162.63	59.32	10.65	22%	28%	73
Wisconsin	482.76	295.60	18.07	6%	17%	62
Wyoming	35.68	19.01	1.24	7%	16%	65
TOTAL	\$22,639.01	\$15,970.25	\$783.11	6%	16%	59
Increase in Federal Expenditures	\$4,248.45					

Table 3

PROPOSAL 2a  
 Investments (JOBS, WORK Operating Costs, and Child Care) at  
 JOBS FMAP plus 5% Federal Match  
 Benefits (AFDC and WORK) at FMAP  
 Administration (AFDC and Child Care) at 50% Federal Match

	Reform Proposal Federal Share FY 1999	Reform Proposal State Share	Change in State Dollars Spent	Percent Change from Baseline	State Share of New Expenditures	Effective Federal Match Rate
Alabama	169.32	72.95	13.88	23%	24%	70
Alaska	89.25	82.67	4.02	5%	29%	52
Arizona	314.68	162.12	15.01	10%	22%	66
Arkansas	91.93	34.70	5.50	19%	18%	73
California	4548.02	4182.31	248.52	6%	30%	52
Colorado	181.56	141.42	17.71	14%	31%	56
Connecticut	315.92	282.34	20.25	8%	29%	53
Delaware	44.00	36.58	3.03	9%	24%	55
District of Columbia	100.91	91.71	6.12	7%	32%	52
Florida	853.06	623.73	74.63	14%	32%	58
Georgia	521.90	312.96	40.04	15%	29%	63
Hawaii	110.62	102.06	6.88	7%	33%	52
Idaho	41.76	19.53	2.95	18%	23%	68
Illinois	810.16	702.26	80.03	13%	32%	54
Indiana	305.39	179.78	22.46	14%	27%	63
Iowa	180.59	107.57	13.67	15%	31%	63
Kansas	145.15	98.61	11.82	14%	31%	60
Kentucky	301.14	140.49	16.54	13%	21%	68
Louisiana	274.70	102.03	18.38	22%	21%	73
Maine	116.97	66.83	6.58	11%	27%	64
Maryland	333.29	284.63	25.52	10%	27%	54
Massachusetts	642.21	575.14	31.18	6%	26%	53
Michigan	1124.56	834.19	75.00	10%	33%	57
Minnesota	390.60	307.88	23.82	8%	30%	56
Mississippi	152.57	44.31	7.96	22%	14%	77
Missouri	327.21	214.26	30.75	17%	33%	60
Montana	61.62	26.74	3.02	13%	24%	70
Nebraska	99.10	64.50	7.01	12%	31%	61
Nevada	53.03	44.85	5.63	14%	30%	54
New Hampshire	54.82	46.35	4.10	10%	25%	54
New Jersey	572.30	499.16	44.56	10%	31%	53
New Mexico	147.68	55.53	5.59	11%	19%	73
New York	2429.79	2218.60	111.43	5%	27%	52
North Carolina	479.63	262.64	30.92	13%	26%	65
North Dakota	38.03	17.86	2.08	13%	25%	68
Ohio	1042.15	670.48	77.95	13%	31%	61
Oklahoma	257.19	117.42	9.90	9%	20%	69
Oregon	228.62	140.35	15.58	12%	32%	62
Pennsylvania	905.58	701.70	66.05	10%	30%	56
Rhode Island	113.52	85.34	6.27	8%	29%	57
South Carolina	170.14	73.43	12.80	21%	24%	70
South Dakota	34.41	16.21	2.57	19%	26%	68
Tennessee	327.24	167.05	23.82	17%	26%	66
Texas	784.64	442.69	88.20	25%	29%	64
Utah	115.45	43.93	4.66	12%	18%	72
Vermont	62.93	40.23	3.70	10%	33%	61
Virginia	255.78	211.62	28.25	15%	29%	55
Washington	587.60	495.74	30.06	6%	28%	54
West Virginia	165.42	56.53	7.87	16%	21%	75
Wisconsin	466.90	311.46	31.93	11%	35%	60
Wyoming	34.57	20.12	2.35	13%	29%	63
<b>TOTAL</b>	<b>\$21,975.60</b>	<b>\$16,633.65</b>	<b>\$1,446.51</b>	<b>10%</b>	<b>29%</b>	<b>57</b>

Increase in Federal Expenditures \$3,583.05

Table 4

PROPOSAL 2b  
 Investments (JOBS, WORK Operating Costs, and Child Care) at  
 JOBS FMAP plus 7% Federal Match  
 Benefits (AFDC and WORK) at FMAP  
 Administration (AFDC and Child Care) at 50% Federal Match

	Reform Proposal Federal Share FY 1999	Reform Proposal State Share	Change in State Dollars Spent	Percent Change from Baseline	State Share of New Expenditures	Effective Federal Match Rate
Alabama	171.14	71.14	12.06	20%	21%	71
Alaska	89.70	82.21	3.56	5%	26%	52
Arizona	316.90	159.91	12.79	9%	19%	66
Arkansas	92.80	33.83	4.63	16%	15%	73
California	4572.37	4157.96	222.17	6%	27%	52
Colorado	183.42	139.56	15.65	13%	28%	57
Connecticut	318.25	280.01	17.92	7%	25%	53
Delaware	44.50	36.08	2.52	8%	20%	55
District of Columbia	101.53	91.09	5.49	6%	29%	53
Florida	860.24	616.56	67.46	12%	29%	58
Georgia	526.72	308.15	35.23	13%	26%	63
Hawaii	111.22	101.46	6.26	7%	30%	52
Idaho	42.15	19.14	2.56	15%	20%	69
Illinois	817.72	694.71	72.48	12%	29%	54
Indiana	308.03	177.14	19.81	13%	24%	63
Iowa	181.90	106.26	12.36	13%	26%	63
Kansas	146.52	97.25	10.46	12%	28%	60
Kentucky	303.71	137.92	13.97	11%	18%	69
Louisiana	277.53	99.20	15.54	19%	18%	74
Maine	117.73	66.07	5.82	10%	24%	64
Maryland	336.61	281.31	22.19	9%	24%	54
Massachusetts	646.86	570.49	26.53	5%	22%	53
Michigan	1131.76	826.99	67.80	9%	30%	58
Minnesota	393.47	305.00	20.95	7%	26%	56
Mississippi	154.10	42.79	6.44	18%	12%	78
Missouri	330.48	211.00	27.48	15%	29%	61
Montana	62.04	26.31	2.60	11%	20%	70
Nebraska	100.06	63.54	6.05	11%	27%	61
Nevada	53.59	44.29	5.07	13%	27%	55
New Hampshire	55.40	45.76	3.52	8%	22%	55
New Jersey	576.78	494.68	40.08	9%	28%	54
New Mexico	148.66	54.56	4.61	9%	15%	73
New York	2444.44	2203.95	96.78	5%	24%	53
North Carolina	484.38	257.60	26.18	11%	22%	65
North Dakota	36.33	17.55	1.78	11%	21%	69
Ohio	1050.96	661.68	69.14	12%	27%	61
Oklahoma	259.44	115.17	7.65	7%	15%	69
Oregon	230.40	138.57	13.80	11%	28%	62
Pennsylvania	913.30	693.99	58.34	9%	27%	57
Rhode Island	114.34	84.52	5.46	7%	26%	57
South Carolina	171.68	71.89	11.26	19%	21%	70
South Dakota	34.74	15.88	2.23	16%	23%	69
Tennessee	330.50	163.80	20.56	14%	22%	67
Texas	794.16	433.17	78.67	22%	26%	65
Utah	116.51	42.86	3.59	9%	14%	73
Vermont	63.36	39.80	3.27	9%	29%	61
Virginia	258.82	208.58	25.21	14%	26%	55
Washington	591.83	491.51	25.83	6%	24%	55
West Virginia	166.63	55.32	6.66	14%	18%	75
Wisconsin	470.08	308.29	28.78	10%	31%	60
Wyoming	34.86	19.81	2.04	11%	26%	64
<b>TOTAL</b>	<b>\$22,142.64</b>	<b>\$16,466.61</b>	<b>\$1,279.47</b>	<b>8%</b>	<b>25%</b>	<b>57</b>
<b>Increase in Federal Expenditures</b>	<b>\$3,750.09</b>					

Table 5

PROPOSAL 2c  
 Investments (JOBS, WORK Operating Costs, and Child Care) at  
 JOBS FMAP plus 8% Federal Match  
 Benefits (AFDC and WORK) at FMAP  
 Administration (AFDC and Child Care) at 50% Federal Match

	Reform Proposal Federal Share FY 1999	Reform Proposal State Share	Change in State Dollars Spent	Percent Change from Baseline	State Share of New Expenditures	Effective Federal Match Rate
Alabama	172.04	70.23	11.15	19%	20%	71
Alaska	89.93	81.98	3.33	4%	24%	52
Arizona	318.00	158.80	11.89	8%	17%	67
Arkansas	83.24	33.40	4.19	14%	14%	74
California	4584.54	4145.79	210.00	5%	26%	53
Colorado	184.34	138.63	14.92	12%	26%	57
Connecticut	319.41	278.85	16.76	6%	24%	53
Delaware	44.76	35.82	2.27	7%	18%	56
District of Columbia	101.84	90.78	5.18	6%	27%	53
Florida	863.82	612.97	63.87	12%	27%	58
Georgia	529.12	305.74	32.82	12%	24%	63
Hawaii	111.52	101.16	5.98	6%	29%	52
Idaho	42.35	18.94	2.36	14%	19%	69
Illinois	821.49	690.93	68.70	11%	27%	54
Indiana	309.36	175.81	18.49	12%	22%	64
Iowa	182.55	105.61	11.71	12%	27%	63
Kansas	147.20	98.56	9.77	11%	26%	60
Kentucky	304.99	136.64	12.69	10%	16%	69
Louisiana	278.95	97.78	14.12	17%	16%	74
Maine	118.11	65.69	5.44	9%	22%	64
Maryland	338.27	279.64	20.53	8%	22%	55
Massachusetts	649.19	568.16	24.21	4%	20%	53
Michigan	1135.36	823.39	64.20	8%	28%	58
Minnesota	394.91	303.56	19.51	7%	24%	57
Mississippi	154.86	42.03	5.68	16%	10%	79
Missouri	332.11	209.36	25.85	14%	28%	61
Montana	62.26	26.10	2.38	10%	19%	70
Nebraska	100.54	63.06	5.57	10%	25%	61
Nevada	53.87	44.01	4.79	12%	25%	55
New Hampshire	55.69	45.47	3.23	8%	20%	55
New Jersey	579.02	492.44	37.84	8%	26%	54
New Mexico	149.15	54.07	4.13	8%	14%	73
New York	2451.76	2196.62	89.45	4%	22%	53
North Carolina	486.75	255.53	23.81	10%	20%	66
North Dakota	38.48	17.40	1.63	10%	19%	69
Ohio	1055.36	657.28	64.74	11%	26%	62
Oklahoma	260.57	114.05	6.52	6%	13%	70
Oregon	231.29	137.68	12.91	10%	26%	63
Pennsylvania	917.15	690.13	54.48	9%	25%	57
Rhode Island	114.74	84.12	5.05	6%	24%	58
South Carolina	172.45	71.12	10.49	17%	20%	71
South Dakota	34.90	15.72	2.07	15%	21%	69
Tennessee	332.12	162.17	18.93	13%	20%	67
Texas	798.93	428.40	73.91	21%	24%	65
Utah	117.04	42.33	3.06	8%	12%	73
Vermont	63.58	39.59	3.06	8%	27%	62
Virginia	260.34	207.05	23.69	13%	25%	56
Washington	593.95	489.39	23.71	5%	22%	55
West Virginia	167.23	54.72	6.05	12%	16%	75
Wisconsin	471.66	306.70	27.17	10%	29%	61
Wyoming	35.04	19.65	1.88	11%	24%	64
<b>TOTAL</b>	<b>\$22,228.16</b>	<b>\$16,383.09</b>	<b>\$1,185.95</b>	<b>8%</b>	<b>24%</b>	<b>58</b>
Increase in Federal Expenditures	\$3,833.61					

Table 6

PROPOSAL 2d  
 Investments (JOBS, WORK-Operating Costs, and Child Care) at  
 JOBS FMAP plus 10% Federal Match  
 Benefits (AFDC and WORK) at FMAP  
 Administration (AFDC and Child Care) at 50% Federal Match

	Reform Proposal Federal Share FY 1999	Reform Proposal State Share	Change in State Dollars Spent	Percent Change from Baseline	State Share of New Expenditures	Effective Federal Match Rate
Alabama	173.86	69.42	9.34	16%	16%	72
Alaska	90.39	81.52	2.68	4%	21%	53
Arizona	320.22	156.59	9.47	6%	14%	67
Arkansas	94.11	32.53	3.32	11%	11%	74
California	4608.89	4121.44	185.65	5%	23%	53
Colorado	186.20	136.78	13.07	11%	23%	58
Connecticut	321.74	276.52	14.43	6%	21%	54
Delaware	45.26	35.31	1.76	5%	14%	56
District of Columbia	102.47	90.15	4.56	5%	24%	53
Florida	870.99	605.80	56.70	10%	24%	59
Georgia	533.93	300.93	26.01	10%	21%	64
Hawaii	112.12	100.56	5.38	6%	26%	53
Idaho	42.74	18.55	1.96	12%	16%	70
Illinois	829.05	683.38	81.15	10%	24%	55
Indiana	312.00	173.17	15.84	10%	19%	64
Iowa	183.86	104.30	10.40	11%	24%	64
Kansas	146.56	95.20	8.41	10%	22%	61
Kentucky	307.55	134.08	10.12	8%	13%	70
Louisiana	281.78	84.95	11.29	13%	13%	75
Maine	118.87	64.93	4.68	8%	19%	65
Maryland	341.60	276.32	17.21	7%	18%	55
Massachusetts	653.84	563.51	19.56	4%	16%	54
Michigan	1142.55	816.20	57.00	8%	25%	58
Minnesota	397.79	300.69	16.63	6%	21%	57
Mississippi	156.38	40.51	4.16	11%	8%	79
Missouri	335.38	206.09	22.58	12%	24%	62
Montana	62.68	25.67	1.96	8%	15%	71
Nebraska	101.49	62.10	4.81	8%	20%	62
Nevada	54.44	43.44	4.22	11%	22%	56
New Hampshire	56.28	44.89	2.64	6%	16%	56
New Jersey	583.50	487.97	33.36	7%	23%	54
New Mexico	150.13	53.09	3.15	6%	10%	74
New York	2466.41	2181.97	74.80	4%	18%	53
North Carolina	491.48	250.78	19.06	8%	16%	66
North Dakota	38.78	17.10	1.33	8%	16%	69
Ohio	1064.16	648.47	55.93	9%	22%	62
Oklahoma	262.82	111.79	4.27	4%	8%	70
Oregon	233.07	135.90	11.12	9%	23%	63
Pennsylvania	924.87	692.42	46.77	7%	21%	58
Rhode Island	115.56	83.30	4.23	5%	20%	58
South Carolina	173.99	69.58	8.95	15%	17%	71
South Dakota	35.24	15.39	1.74	13%	18%	70
Tennessee	335.38	158.91	15.68	11%	17%	68
Texas	808.45	418.88	64.38	18%	21%	66
Utah	118.11	41.26	1.99	5%	8%	74
Vermont	64.00	39.16	2.63	7%	23%	62
Virginia	263.39	204.01	20.64	11%	21%	56
Washington	598.18	485.18	19.48	4%	18%	55
West Virginia	168.44	53.51	4.84	10%	13%	76
Wisconsin	474.83	303.53	24.00	9%	26%	61
Wyoming	35.35	19.34	1.57	9%	20%	65
TOTAL	\$22,393.20	\$18,216.05	\$1,028.91	7%	20%	58
Increase in Federal Expenditures	\$4,000.65					

Table 7

	Projected Expenditures FY 1999 BASELINE	Projected Federal Share FY 1999	Projected State Share FY 1999	Effective Federal Match Rate
Alabama	185.20	120.12	50.08	68
Alaska	158.23	79.58	78.85	50
Arizona	409.33	262.21	147.12	64
Arkansas	85.65	66.45	29.21	59
California	7920.65	3984.86	3935.79	50
Colorado	266.25	142.54	123.71	54
Connecticut	527.68	265.89	262.09	50
Delaware	87.96	34.40	33.55	51
District of Columbia	173.81	88.02	85.60	51
Florida	1244.37	695.27	549.10	56
Georgia	698.85	425.83	272.92	61
Hawaii	191.81	98.62	95.19	50
Idaho	48.71	32.12	16.58	66
Illinois	1282.11	639.88	622.23	51
Indiana	402.24	244.91	157.33	61
Iowa	244.47	150.57	93.90	62
Kansas	205.87	118.06	86.79	58
Kentucky	363.78	239.83	123.95	66
Louisiana	289.18	205.50	83.66	71
Maine	159.50	99.25	60.25	62
Maryland	524.59	265.47	259.11	51
Massachusetts	1097.24	553.28	543.96	50
Michigan	1731.67	972.48	759.10	56
Minnesota	618.70	334.65	284.05	54
Mississippi	141.87	105.62	36.35	74
Missouri	447.74	264.23	183.51	59
Montana	75.61	51.89	23.72	69
Nebraska	140.86	83.37	57.49	59
Nevada	79.05	39.83	39.22	50
New Hampshire	85.04	42.79	42.25	50
New Jersey	927.42	472.81	454.61	51
New Mexico	173.03	123.09	49.94	71
New York	4239.73	2132.56	2107.17	50
North Carolina	621.71	389.89	231.72	63
North Dakota	47.41	31.63	15.78	67
Ohio	1458.86	866.32	592.54	59
Oklahoma	324.05	216.53	107.52	67
Oregon	319.84	195.06	124.78	61
Pennsylvania	1387.85	752.20	635.65	54
Rhode Island	177.58	98.51	79.07	55
South Carolina	189.94	129.31	60.63	68
South Dakota	40.89	27.25	13.65	67
Tennessee	401.59	258.35	143.24	64
Texas	924.84	570.35	354.49	62
Utah	132.87	93.60	39.27	70
Vermont	91.83	55.40	36.53	60
Virginia	371.04	187.97	183.37	51
Washington	974.25	508.56	465.68	52
West Virginia	184.08	135.41	48.66	74
Wisconsin	685.90	406.37	279.53	59
Wyoming	46.71	28.94	17.77	62
TOTAL	\$33,579.69	\$18,392.55	\$15,187.14	55

Percent of Allocation Spent or Dollars if 100 is Cap	Proposed Match for State Currently at 60 Percent Match		10% Bonus Additional State Match Required to Reach Total Allotment	5% B Additio Match R to Reac Allot
	Federal Share	State Share		
5	3.00	2.00	28.00	28.25
10	6.00	4.00	26.00	26.50
15	9.00	6.00	24.00	24.75
20	12.00	8.00	22.00	23.00
25	15.00	10.00	20.00	21.25
30	18.00	12.00	18.00	19.50
35	21.00	14.00	16.00	17.75
40	24.00	16.00	14.00	16.00
45	27.00	18.00	12.00	14.25
50	30.00	20.00	10.00	12.50
55	33.00	22.00	8.00	10.75
60	36.00	24.00	6.00	9.00
65	39.00	26.00	4.00	7.25
70	42.00	28.00	2.00	5.50
75	45.00	30.00	0.00	3.75
80	48.00	32.00	-2.00	2.00
85	51.00	34.00	-4.00	0.25
90	54.00	36.00	-6.00	-1.50
95	57.00	38.00	-8.00	-3.25
100	70.00	30.00	0.00	0.00