

WR-Republicans

EDUCATION AND LABOR
NEWS



*Committee on Education and Labor
Republican Office
2174 Rayburn House Office Building
Washington, D.C. 20515*

*Telephone
(202) 225-6910*

*Fax
(202) 225-8078*

*Contact: Deanna Waldron
Media Assistant*

For Release: August 2, 1994

REPUBLICANS AND WELFARE REFORM

Washington, D.C. -- The Full Education and Labor Committee will hear testimony today from Rep. Rick Santorum and Rep. Tom DeLay, members of the Republican Welfare Reform Task Force, on H.R. 3500, the Republican welfare reform bill. H.R. 3500, which is cosponsored by all Republican Members of the Committee on Education and Labor, has gained broad support from House Republicans. The attached press packet provides information on H.R. 3500.

Republicans have presented a serious alternative to the Clinton Administration's Welfare Reform proposal. Interested? Please read the attached pages.

###

**SUMMARY OF WELFARE REFORM LEGISLATION
SPONSORED BY HOUSE REPUBLICANS*
November 10, 1993**

I. ATTACKS THE TWO FUNDAMENTAL CAUSES OF WELFARE

CAUSE 1: NONWORK

- Less than 10% of welfare mothers work
- Although many mothers leave welfare within 2 years, many stay for 8 years or more; today there are more than 3 million mothers on AFDC who will remain on welfare during 8 years or more

THE SOLUTION: MANDATORY WORK

- When fully implemented, the Republican bill requires 63% of mothers who have been on AFDC for at least 2 years to work 35 hours per week for their benefits; mothers do not lose their benefits if they work in community or private sector jobs arranged by the state
- Mothers must use the first 2 years on AFDC (less at state option) to participate in education, training, work experience, and job search to prepare for a position in the private economy; if they do not find a job within that 2 years, they must participate in a community work job in order to continue receiving welfare benefits
- Provides states with an additional \$10 billion to provide welfare mothers with employment services, including day care
- One adult in two-parent families on welfare must work 32 hours per week and search for a job 8 hours per week starting the first day they receive welfare
- Mothers applying for welfare must participate in a job search program while their application is being processed
- Fathers of children on welfare who do not pay child support must also participate in work programs
- Mothers who refuse to work have their benefits reduced and then terminated; states failing to ensure that parents work suffer serious financial penalties

CAUSE 2: ILLEGITIMACY

- Illegitimacy has risen wildly in recent years; now 2 of every 3 black children and 1 of every 5 white children are born out of wedlock — and the rates are still rising
- Of illegitimate babies born to teen mothers, a shocking 80% will be on welfare within 5 years
- Teen mothers are the most likely to stay on welfare for many years without working
- Most of the increase in poverty and welfare in recent years is caused, not by a poor economy or reduced government spending (both are up), but by increased illegitimacy

THE SOLUTION: ESTABLISH PATERNITY, RESTRICT WELFARE, CRACK DOWN ON DEADBEAT DADS

- All mothers applying for welfare must identify the father or they will not receive benefits
- After identifying the father, mothers receive a reduced benefit until paternity is legally established
- Mothers who are minors must live at their parent's home, thus preventing them from using an illegitimate birth to establish their own household
- States must increase their paternity establishment rates, over a period of years, to 90% or suffer stiff penalties
- States are required to stop increasing welfare checks when families on welfare have additional children; states can avoid this requirement only if they pass a law exempting themselves
- States are required to stop paying welfare benefits to parents under 18 years of age; states can avoid this requirement only if they pass a law exempting themselves
- Deadbeat dads with children on welfare are required to pay child support or work

*Members of Republican Welfare Reform Task Force: Rick Santorum, Tom DeLay, E. Clay Shaw, Dave Camp, Michael Castle, Gary Franks, Fred Grandy, Wally Herger, Tim Hutchinson, Bob Inglis, Nancy Johnson, Joe Knollenberg, Jim Kolbe, and Marge Roukema.

II. SLASHES WELFARE FOR NONCITIZENS

THE PROBLEM: TOO MUCH WELFARE FOR TOO MANY IMMIGRANTS

- Hundreds of thousands of noncitizens are added to the nation's welfare programs each year
- A recent study by the Social Security Administration shows that more than 11% of all recipients and 30% of elderly recipients of Supplemental Security Income are noncitizens
- Noncitizens also qualify for Aid to Families with Dependent Children, Food Stamps, Medicaid, housing, and other welfare benefits

THE SOLUTION: STOP WELFARE FOR NONCITIZENS

- Simply end welfare for most noncitizens
- Allow refugees to receive welfare for only a fixed number of years unless they become citizens
- Allow noncitizens over 75 to receive welfare
- Continue the benefits of current noncitizens receiving welfare for 1 year

III. EMPHASIZES PARENTAL RESPONSIBILITY

- Requires mothers who are minors to live at their parent's home
- Requires states, in most cases, to stop welfare payments to unmarried parents under age 18
- Requires states to terminate the cash welfare benefits of families that do not have their preschool children immunized
- Encourage states to reduce the cash welfare benefit of families that do not assure that their children attend school regularly
- Allows states to require AFDC parents to participate in parenting classes and classes on money management
- Allows states to discourage parents from moving to a new school district during the school year

IV. ATTACKS SEVERAL ADDITIONAL WELFARE PROBLEMS

- Requires adults applying for welfare to engage in job search before their benefits start
- Requires addicted recipients of welfare to participate in treatment programs or lose their benefits
- Converts 9 major food programs into a block grant that provides states with almost complete discretion over spending; funding for the programs is reduced by 5%
- Caps spending on Supplemental Security Income, Aid to Families with Dependent Children, Food Stamps, Public and Section 8 Housing, and the Earned Income Tax Credit to inflation plus 2% per year
- Provides states with much greater control over means-tested programs so they can coordinate and streamline welfare spending
- Encourages states to provide financial incentives to induce mothers on welfare to work and marry
- Allows states to let welfare recipients accumulate assets to start a business, buy a home, or attend college
- Allows states and local housing authorities to use more generous income disregard rules to promote work incentives
- Requires addicted recipients of Supplemental Security Income benefits to submit to drug testing; ends SSI benefits for those testing positive for illegal drugs

V. ACCOMPLISHES ALL THE ABOVE IN A BILL THAT REDUCES THE DEFICIT BY \$20 BILLION OVER 5 YEARS

- The training and mandatory work provisions of the bill cost nearly \$12 billion over 5 years
- The paternity establishment, job search, parental responsibility, block grant, and immigration provisions of the bill save about \$31 billion over 5 years.
- Thus, the net impact of the bill is to reduce the budget deficit by almost \$20 billion over 5 years.

**Big Differences Between Clinton and
House Republican Welfare Reform Bills
July, 1994**

Clinton

House Republicans

1. Spending and Financing (5 year figures in billions)*

New Spending	\$9.3	New Spending	\$11.6
Savings	9.3	Savings	31.1
Net Savings	0	Net Savings	19.5

2. Control of Welfare Spending

No provision

Caps spending in the Aid to Families with Dependent Children, Food Stamps, Supplemental Security Income, housing, and Earned Income Tax Credit Programs at inflation plus 2%

3. Welfare-to-Work Program

Exempts about 85% of families the first year

Exempts only half as many families as the Clinton bill the first year

Provides a near entitlement to 2 years of education and training that would keep many families on welfare longer than under current law

Encourages states to move people directly into employment or work programs if they are job ready

Results in net decrease in number of welfare parents working for at least first 3 years; the decrease for the first 2 years is about 100,000 each year

Increases number of parents working every year

Results in only 150,000 parents in work programs in 1999

Results in nearly 700,000 parents in work programs in 1999

Guts the work requirement in the 2-parent welfare program

Increases the work requirement in the 2-parent welfare program by increasing the standard from the current level of 75% to 90% for 1999 and after

Sets up a new system of paying wages to people formerly on welfare; controls wage rates, sick leave, and personal leave of private employers

Requires welfare parents to work for their welfare benefits; no wages and few personnel policies are involved

4. Illegitimacy

Creates grant and demonstration programs to support health, sex education, birth control, abstinence and parenting programs for teens

Stops cash AFDC payments to minor mothers with illegitimate children (unless states pass a law exempting themselves from this requirement)

***Note.** Costs in both bills increase rapidly in the out years as the number of welfare parents required to work increases. The financing mechanisms in the Clinton bill will not pay for outlays in the second 5 years. House Republicans, by contrast, financed their bill to cover additional spending in the second 5 years.

Clinton
House Republicans

- | | |
|---|---|
| <p>5. <u>Family Cap</u>
Leaves states the option of continuing the practice of rewarding births to mothers already on welfare with increased cash payments</p> | <p>Requires states to end the practice of rewarding additional births to welfare mothers with increased cash payments (unless states pass a law exempting themselves from this requirement)</p> |
| <p>6. <u>Aliens</u>
Requires sponsors of legal aliens to assume more responsibility for their support, thereby saving only \$3.7 billion over 5 years and continuing welfare payments for at least a million aliens</p> | <p>Ends welfare for legal aliens except refugees in 1996, thereby saving \$21.7 billion over 5 years</p> |
| <p>7. <u>Welfare for Drug Addicts</u>
Limits cash welfare payments to drug addicts to 3 years</p> <p>No provision</p> | <p>Limits cash welfare payments and Medicaid coverage for drug addicts to 3 years</p> <p>Requires drug addicts to take random drug tests and ends all welfare payments for up to 1 year for addicts who are still using drugs</p> |
| <p>8. <u>Capped Block Grant of Major Food Programs</u>
No provision</p> | <p>Converts seven major food programs into a block grant, reduces funding by 5% the first year, and returns control over the block grant to the states</p> |
| <p>9. <u>Flexibility for States</u>
Reduces state flexibility by limiting the number of welfare demonstrations to 5 per year</p> <p>No provision</p> | <p>Expands state flexibility in programs that currently have waivers by streamlining the waiver process; places no restrictions on the number of state waivers</p> <p>Creates a new waiver procedure for over 70 welfare programs that currently have no waiver provision</p> |
| <p>10. <u>Day Care</u>
In first 5 years, adds \$1.6 billion in new day care entitlement spending for non-welfare families; in second 5 years (2000 to 2004, this provision will increase entitlement spending by \$4.3 billion)</p> | <p>No provision</p> |

Opening Statement

**The Honorable William F. Goodling
of Pennsylvania
Before the Committee on Education and Labor
August 2, 1994**

Thank you, Mr. Chairman. I am pleased that this Committee, along with the Ways and Means Committee, is finally beginning hearings on reforming the welfare system. We spend a good deal of time around here trying to fix things which aren't broken; now we are at least beginning to address something that clearly is not working as it should--that is, the welfare system.

I also want to welcome Secretary Shalala to the hearing. I commend her and the Administration for proposing comprehensive welfare reform legislation, and I'm pleased that we have the opportunity to discuss that legislation with the Secretary this morning.

I also welcome the testimony of our colleagues on various other welfare reform proposals. I would note that all of the Republican Members of this Committee are cosponsors of H.R. 3500, which was introduced by Rep. Michel, and on which Reps. Santorum and DeLay will testify today.

While I would like to see some changes in the Michel bill, in general I think it is a good proposal because it focuses reform on what needs to be the two key objectives of welfare reform:

(1) transforming welfare from a "dependency trap" to a temporary safety net by enabling people to move off the program as soon as possible, and (2) addressing, insofar as welfare has contributed to them or can help to reverse them, the twin problems of out-of-wedlock births, especially among teenagers, and fathers who walk away from their responsibility to support their children.

I'm encouraged that the Administration appears to have these objectives for welfare reform as well, and while there certainly are some differences as to how we should accomplish them, I hope that we can work constructively towards passing a bill, even this year, because, as I said at the beginning, the current system is not working.

One area in which I think both the Administration's bill and the Republican bill could be strengthened is with regard to coordinating the job training, education, and other services and programs. Today, most JOBS participants receive job training through JTPA, yet the two

systems--JOBS and JTPA--continue to have differing data requirements, participation requirements, etc. We simply must do a better job of coordinating and/or merging the various job training programs, and I intend to work towards that goal as we address other changes to the welfare system.

Finally, let me make an observation about this issue and its relationship to another issue which we are all dealing with these days--health care reform. I know that the Secretary has said many times that we have to address health care reform before welfare reform because guaranteeing health care benefits will encourage welfare recipients to get off welfare and take employment. My concern is that health care reform, if it carries with it an employer mandate at least, will end up perhaps making some welfare recipients more willing to work, but making employers far less willing and able to hire them. I think the Majority Leader said last week that his proposal in effect raises the minimum wage by \$1.26 per hour. And what will we do then, if the private sector can't afford to hire workers with generally relatively low job skills? Probably maintain them on public

employment, like the old CETA program. The Secretary of Labor says we should train people for better-paying jobs. Well, I am a supporter of training programs, but I think everyone here knows that existing training programs for low-skilled workers do not have a very good record of cost effectiveness.

I point this out only to say that we have a lot of interrelated issues here to sort through. I appreciate the commitment and effort that many in the Administration, including Secretary Shalala, have put into their welfare reform proposal, and I look forward to continuing to work with the Secretary as we try to address these issues.

Week. Times: 10-9-84

GOP bill aims to reform welfare

Would cut off unwed mothers 17 or younger, enact spending caps

By Cheryl Weitzman
The Associated Press

PH

House Republicans, driving hard to win the majority in the next Congress, have reached a welfare reform bill that would end benefits for young unwed mothers and cap social spending.

But welfare reform remains a highly contentious issue, and of the 10 bills in the GOP's "Contract With America," this one is rated least likely to survive in written, Republicans said.

"In no way did we say we would support [the 10 bills] or even pass them," Rep. Michael N. Castle, Delaware Republican, said last week. "All we have guaranteed is that they'd be brought up for open consideration."

The "Contract With America" welfare reform bill "is a good starting point," said Rep. E. Clay Shaw, Florida Republican and a senior member of the tax-writing House Ways and Means Committee.

Mr. Shaw said his panel would surely change the measure.

The "Contract With America" is an agreement signed Sept. 27 by some 340 Republican incumbents and candidates. In it, they pledged that a GOP majority would "immediately pass" eight procedural

measures and introduce 10 bills for "full and open debate" in the first 100 days.

Welfare reform was not a part of the original Contract. GOP leaders later decided that it had to be included, targeting the problem of deciding what kind of welfare reform to endorse.

The GOP's major reform bill, H.R. 2680, was introduced last November with more than 100 co-sponsors and reflected the thinking of many moderates, such as Mr. Shaw and Mr. Castle.

Party conservatives, however, saw H.R. 2680 as too mild, particularly in its approach to Aid to Families with Dependent Children (AFDC), the nation's largest welfare program.

Led by GOP Reps. James M. Wilson of Missouri and Tim Hutchinson of Arkansas, and with backing from some high-profile right-wing groups, conservatives issued an alternative. It called for a halt to all welfare to unwed mothers 21 years old or younger and proposed removing federal funding in some via block grants.

Moderates were uncomfortable with that approach. "I'm not going to drive public policy in the direction of group houses and orphanages," said Rep. Nancy L. Johnson, Connecticut Republican.



Rep. Dick Aronoy

Once it was decided to include welfare reform in the Contract, House Republican Conference Chairman Dick Aronoy of Texas "drew people into rooms and said they had to come out until they reached a compromise," legislative aides and members said in recent interviews.

But agreements in some areas

couldn't be reached. With 48 days to go before the Contract is to be unveiled, Mr. Aronoy steps in and "makes the decisions," as Mr. Castle said. "So there are things didn't sign off in time."

As it now stands, the new welfare reform bill would require states to disqualify unwed mothers aged 17 or younger for AFDC.

It also would cap spending in a nation's four major welfare programs, combine and cap 10 anti-teen programs, and make new welfare programs inaccessible many restrictions.

The bill's major expenditure for nearly \$10 billion for work programs that would be created a run by the states.

Even with that safety provision of the bill may about \$40 billion will be saved over five years. Republicans said that, if it wins the majority, they will ramp up the welfare debate and "hit in the artillery" of the nation's governors and other state leaders craft a workable reform.

Many moderates feel there were for more experimentation and other "step-down" changes reform the massive bureaucracy.

However, Mr. Castle argues it dramatic and speedy reform is essential to the social and financial health of the nation.

THE NEW GOP WELFARE PLAN

House Republicans have a welfare reform bill ready to introduce in the first 100 days of the new session as part of their "Contract With America." The new bill contains:

Restrictions to Eligibility

- 1) No unwed mothers aged 17 and under may receive Aid to Families with Dependent Children (AFDC). (Married teen mothers may apply.)
- 2) Federal AFDC funds not given to teen mothers will be given to states as block grants and must be used to give services to teen mothers.
- 3) States may choose to raise the child age to 18 or older, and may choose to deny young teen mothers public housing as well as AFDC.
- 4) To receive AFDC, mothers must, with few exceptions, establish the paternity of their child.
- 5) States may impose a "family cap," in which AFDC grants are not increased if the mother has another child.

Block grants

- The federal government will grant three nearly \$10 billion over the years to design and run work, education and training programs. AFDC recipients:
 - 1) Must join a work program.
 - 2) Cannot stay in training program for more than two years.
 - 3) Cannot receive AFDC for more than five years.
 - 4) Must undergo substance abuse, when needed, to continue receiving AFDC.

Spending caps

- 1) AFDC, Supplemental Security Income, public housing programs and the new mandatory work programs would change from entitlement programs to discretionary spending programs.
- 2) These programs would be capped, with minor adjustments for inflation and changes in the poverty population.
- 3) Savings are to be used for deficit reduction.

Other major changes

- 1) Most welfare programs would no longer be available to noncitizens, with exceptions for elderly, sick and long-term populations.
- 2) Ten major nutrition programs, including food stamps and school lunches, would be combined into one block grant program and distributed to states.

Source: The Budget Committee, House of Representatives, "Contract With America"

The Washington Post

wp
Republicans

WR Republicans

WELFARE REFORM RESPONSE TO REPUBLICANS

WHAT THEY'LL SAY...

The Republicans are likely to tout their support for ending welfare altogether for mothers under 21; denying additional welfare benefits for children born on welfare; cutting overall welfare spending; and denying welfare benefits for all non-citizens.

WHAT THEY'VE DONE ...

*** Not one Republican in Congress voted for the Democrats' plan to reward work over welfare by cutting taxes for 15 million working families.** The President's economic plan included a massive tax cut for working families -- by increasing the Earned Income Tax Credit, the strongest work incentive ever proposed. This tax cut rewards families who leave welfare to go to work, and helps keep people from going on welfare in the first place. The President signed it into law last year after it passed Congress without a single Republican vote.

*** Republicans have blocked efforts to provide universal health coverage, which would move 1 million women and children off welfare.** One of the main reasons people go on welfare is to get health insurance for their families. A recent study found that over 80% of the people on welfare would take a minimum wage job immediately if that job provided health insurance for their families. Democrats believe that you shouldn't have to be rich, run for Congress, or go on welfare to get guaranteed health care -- all Americans deserve health care that can never be taken away.

*** After 12 years of Republican talk about welfare reform, Bill Clinton and other Democrats are doing something about it.** For 12 years, Republicans did nothing but talk about welfare reform, while the number of people on welfare increased dramatically. As a candidate, Bill Clinton was the first national leader to propose an end to welfare, and with the Work and Responsibility Act of 1994, he became the first President to introduce one. The *New York Times* said the Clinton welfare reform bill imposes "the toughest work requirements ever attached to welfare" and called it "the first serious effort by any President, Democrat or Republican, to stop the disastrous generational cycle of America's dole society." The Clinton Administration has already granted more sweeping welfare reform waivers than any previous Administration.

WHAT WE'RE DOING ...

*** Two-Year Time Limit:** The Clinton reform plan will end welfare as a way of life. Everyone who can work will be expected to go to work within two years, and earn a paycheck, not a welfare check. To those outside the economic mainstream, the Clinton plan will say two things: No one who works full-time with a child at home should be poor, and no one who can work should stay on welfare forever.

*** Tough Child Support Enforcement:** The Clinton plan also includes the toughest child support enforcement program ever. It's time to say to parents: If you're not paying your child support, we'll garnish your wages, suspend your license, track you across state lines, and even make you work off what you owe. If this country did a better job of enforcing child support, we almost would not need a welfare system.

*** Ending Welfare for the Next Generation:** The current welfare system sends young people exactly the wrong message. Today, minor parents get a check for leaving home, and are free to drop out of high school even though they will be ten times more likely to raise their child in poverty if they do. The Clinton welfare reform plan will require minor mothers to live at home, stay in school, finish their degree and go to work so they can get off welfare for good. It also includes a national campaign against teen pregnancy and giving states the option to stop giving welfare recipients additional benefits for additional children conceived on welfare.

Together, these proposals will help discourage out-of-wedlock births and reduce the need for welfare in the first place. Many of the Republican proposals -- such as simply cutting off benefits for all young mothers and slashing work incentives like the Earned Income Tax Credit -- will only create more problems than they solve.

Clinton's welfare plan hit from right and left

Debut is today, but critics already buzzing

By Bob Dart
WASHINGTON BUREAU

Washington — President Clinton presents his long-promised plan "to end welfare as we know it" today, and it's already being attacked by both Democrats and Republicans.

House Minority Whip Newt Gingrich (R-Ga.) called the \$9.3 billion plan "a step in the right direction" and pledged bipartisanship.

But Congress, preoccupied with health care reform, will be hard-pressed to deal with the welfare plan before the fall elections, and there was sniping from right and left.

Clinton's plan would require young mothers to work, discourage teenagers from having babies and force absentee fathers to pay more of the cost of raising their children. The central theme is that welfare should offer only temporary assistance until an adult can find a job.

To underwrite that point, Clinton will announce his proposal in a noontime speech in the monumental marble lobby of the Commerce Bank of Kansas City,

Mo. The bank is the setting of a successful welfare-to-work program that has trained three former welfare recipients for clerical positions at the bank.

In a preview of Clinton's plan Sunday, Health and Human Services Secretary Donna Shalala told big-city mayors that the Work and Responsibility Act of 1994 is intended to "prepare people for paychecks instead of welfare eligibility."

The plan also includes a national campaign against teenage pregnancy that would tout programs such as Atlanta's Postponing Sexual Involvement Program, which includes talks by high school students that encourage abstinence from sexual activity.

But even before he could make his program official, Clinton's plans for financing the plan came under fire.

At the U.S. Conference of Mayors meeting in Portland, Ore., objections were raised to proposed cuts in social

Please see WELFARE, A4 ▶

Grady sexual abstinence plan praised AA

Welfare: Gingrich vows cooperation

▶ Continued from A1

spending.

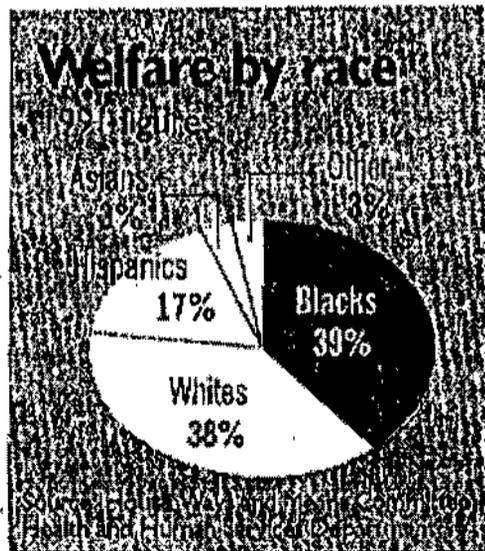
"It hurts a vulnerable segment of our population," complained Seattle Mayor Norm Rice, a Democrat.

Clinton responded by challenging critics to find a better way, saying he had "looked with a fine-tooth comb through the federal budget" for alternatives.

Targeted for reductions are a homelessness prevention program and health and welfare benefits for legal immigrants whose relatives can afford to support them.

While Gingrich pledged cooperation from the GOP, he and other conservatives said the Clinton program doesn't go far enough to reform the nation's \$22-billion-a-year welfare program.

"It's a major step backwards," said Robert Rector, a welfare expert at the Heritage Foundation, a conservative research group, who complained



GREY BLACKWELL / Staff

that the plan would not do enough to reduce the out-of-wedlock birthrate or require welfare recipients to work.

Rep. Ron Wyden (D-Ore) said the president's decision to scale back spending on child care for the working poor is the "Achilles' heel of the plan."

Clinton, delivering on a campaign promise to reform welfare, seemed to be running the risk of

trying to please both sides and ending up pleasing no one.

"They're on the yellow stripe in the middle of the highway, and they're going to get hit by both sides," said Rep. Rick Santorum (R-Pa.).

Many states are going ahead with welfare reform without waiting for Clinton. The state of Georgia already plans to begin withholding in 1996 additional payments to families who have more children if they have been on welfare for more than two years.

Gov. Zell Miller last year made the controversial measure the centerpiece of his welfare reform package. He also pushed through legislation that would require certain able-bodied parents to work and allow teenage parents to receive welfare for their children only if they live at their parents' home.

Staff writer Frances Schwartzkopff and our news services contributed to this article.

File:
WR -
Repubs



Byattian issue - 90% support
American Enterprise Institute for Public Policy Research

Touched a nerve
Out of proportion to minor diffs.
but let's look at those diffs.
Out of prop to what they really think

GOP

Which goes further to ending W?

* CWFEP vs work for wages
25%

* 3 yr limit vs 2 yr limit
states afraid to pull trigger on
there is people who
says it ~~isn't~~ ^{isn't} your ~~best~~ ^{best} ~~idea~~ ^{idea} ~~to~~ ^{to} ~~get~~ ^{get} ~~it~~ ^{it}
in ~~the~~ ^{the} ~~long~~ ^{long} ~~run~~ ^{run} ~~to~~ ^{to} ~~get~~ ^{get} ~~it~~ ^{it}
to ~~get~~ ^{get} ~~it~~ ^{it} ~~done~~ ^{done} ~~right~~ ^{right}

* Cap EITC * Child care: only on W vs. doubling
- ditto for HC

* Nothing on teen pregnancy
* State mandates or state flexibility (cf. health care)

* Where they got the idea: Gingrich last term: 4 yr limit

* Just politics: Gingrich yesterday & today
(Yemeni/Hugo)

* Fraud: GOP bill appts a commis. to study interstate ~~fraud~~ ^{network}
to ~~catch~~ ^{to catch} welfare fraud

~~It's the starting point from~~
~~They don't want to end welfare~~

They're afraid that if we succeed in ERM, it will mean the end of wedge issues as they like to use them

DRAFTS



DEPARTMENT OF HEALTH & HUMAN SERVICES

A fax message from:

Melissa T. Skolfield

Deputy Assistant Secretary for Public Affairs

Phone: (202) 690-6853

Fax: (202) 690-5673

To: Bruce Reed

-7028

Fax: 456-7739 Phone: _____

Date: 11/8 Total number of pages sent: 4

Comments:

Attached is a slightly edited version of the statement with Jody's suggestions added - she liked the cost-shifting argument.

The bill will go in tomorrow, + Jeremy thinks you will need to call David to get him on board with this - could you please try him at

P6(b)(6)

(Jeremy's cell phone) or (site visit after 3pm)

thanks - I'll be here if you need me.

m.

DRAFT #4 (INCORPORATES JODY/ELAINE/BRUCE)

DRAFT STATEMENT RESPONDING TO REPUBLICAN PLAN

Mary Jo Bane, David Ellwood and Bruce Reed, co-chairs of President Clinton's Working Group on Welfare Reform, issued the following statement today in response to the release of the welfare reform legislation by House Republicans:

✓
"We are pleased that the Republicans in the House of Representatives have entered the debate on welfare reform. We will certainly be looking closely at their legislation in the weeks ahead as we work with Congress and the states to continue the development of the Administration's plan. Many of their proposals address the President's vision for reform, which stresses work, family, opportunity and responsibility.

Clearly there is broad consensus throughout the country and across party lines for fundamental change in the welfare system. The emphasis in the Republican plan on work and parental responsibility is very much in keeping with the President's goals.

✓
While we applaud their emphasis on work, some elements of the plan concern us, such as the cap on the EITC - a powerful work incentive with bipartisan support - and across-the-board cuts in cost-effective nutrition programs. Both of these proposals are likely to shift burdens to the states; we believe that the focus should be on rewarding work and on doing more to crack down on parents who fail to pay child support. Most importantly, we want a plan that focuses both on opportunity and responsibility, to ensure that Americans can and do work and become self-sufficient in the work force. As the President said in his January 17 address to Congress, "in the end, we want people not to need us any more."

We look forward to working with Congress on a bipartisan basis to develop a plan which fulfills the President's vision of a welfare system which truly helps people to work and become self-sufficient."

The following questions and answers are provided as guidance to Working Group members and their representatives in answering questions from the media about the Republican plan. As a general rule, we are recommending that the Working Group provide no comment on the plan to the press, other than referring them to the statement issued by the chairs and to Avis LaVelle, the group's spokesperson at 690-7850. You may also talk to Avis' deputy, Melissa Skolfield.

However, if further comment is required the following are some additional questions and answers which should be used as guidance when responding:

Q: Do you think this plan bears any resemblance to what you will be proposing?

A: The President has made no decisions on the nature of his welfare reform plan. We appreciate the Republicans' interest in helping the President carry out his campaign pledge.

Our approach will be based on the four values of work, family, opportunity and responsibility, and we're encouraged by the degree to which the Republican plan mirrors those goals. However, we seek a plan which emphasizes, rather than limits, efforts to make work pay such as the Earned Income Tax Credit. We believe much more can be done to crack down on parents who do not pay child support. Most importantly, we want a plan which does more to help people become self-sufficient.

Q: Do you think you will be able to work with the Republicans to create a bipartisan consensus in light of this plan?

A: We are optimistic that we will be able to gather support from members on both sides of the aisle for a plan that promotes the basic values the President has put forward: work, family, opportunity and responsibility.

Q: How do you react to such suggestions as family caps, an end to benefits for immigrants, or mandatory paternity establishment?

A: The Working Group has not reached any conclusions or presented any options to the President on any specific aspects of the plan. It will be a while before we will be able to comment specifically on any such proposals.

Q: The Republican plan estimates that welfare reform will save \$30 billion over five years. Will the Clinton plan save money?

A: Because no final decisions have been made, it is too early to say. We want to take a particularly close look at the extent to which the Republican claims of cost saving may be illusory because they simply shift costs from the federal government to the states. We are also concerned that across-the-board cuts in cost-effective food and nutrition programs may actually cost money in the long run.

Q: Why hasn't the Working Group come forward with its plan yet?

We are continuing our work according to our original timetable, and will have proposals ready for the President's consideration later this year. President Clinton has been a leader in welfare reform for almost a decade, and we want to present a bold, comprehensive plan that will truly end welfare as we know it. Already, we have taken two important steps with the expansion of the EITC and the introduction of health reform legislation.

We also believe it is important to consult with governors, members of Congress from both parties, people within the welfare system, and others before we make any final decisions. We have just completed a series of five regional hearings in Chicago; Washington, D.C.; Cranford, New Jersey; Sacramento; and Memphis.

Q: As you know, the Republican plan includes a 5 percent reduction in Food Stamps, WIC, and other nutrition programs serving children and the elderly. It also caps spending on the EITC, AFDC, SSI, and public housing programs. Do you really intend to consider these proposals?

Some elements of the plan do concern us, and there will clearly need to be further discussion about aspects of their proposal. For example, across-the-board cuts of that magnitude may be counterproductive and could simply shift burdens to the states. We are also concerned that cuts in cost-effective food and nutrition programs may actually cost money in the long run.



DEPARTMENT OF HEALTH & HUMAN SERVICES

A fax message from:

Melissa T. Skolfield

Deputy Assistant Secretary for Public Affairs

Phone: (202) 690-6853

Fax: (202) 690-5673

To: Bruce Reed

- 7028

Fax: 456-7739 Phone: _____

Date: 11/8 Total number of pages sent: 4

Comments:

Attached is a slightly edited version of the statement with Jody's suggestions added - she liked the cost-shifting argument.

The bill will go in tomorrow, & Jeremy thinks you will need to call David to get him on board with this - could you please try him at

P6/(b)(6)

(Jeremy's cell phone) or (site visit after 3pm)

Thanks - I'll be here if you need me.

m.

DRAFT #4 (INCORPORATES JODY/ELAINE/BRUCE)

DRAFT STATEMENT RESPONDING TO REPUBLICAN PLAN

Mary Jo Bane, David Ellwood and Bruce Reed, co-chairs of President Clinton's Working Group on Welfare Reform, issued the following statement today in response to the release of the welfare reform legislation by House Republicans:

7
"We are pleased that the Republicans in the House of Representatives have entered the debate on welfare reform. We will certainly be looking closely at their legislation in the weeks ahead as we work with Congress and the states to continue the development of the Administration's plan. Many of their proposals address the President's vision for reform, which stresses work, family, opportunity and responsibility.

Clearly there is broad consensus throughout the country and across party lines for fundamental change in the welfare system. The emphasis in the Republican plan on work and parental responsibility is very much in keeping with the President's goals.

7
While we applaud their emphasis on work, some elements of the plan concern us, such as the cap on the EITC - a powerful work incentive with bipartisan support - and across-the-board cuts in cost-effective nutrition programs. Both of these proposals are likely to shift burdens to the states; we believe that the focus should be on rewarding work and on doing more to crack down on parents who fail to pay child support. Most importantly, we want a plan that focuses both on opportunity and responsibility, to ensure that Americans can and do work and become self-sufficient in the work force. As the President said in his January 17 address to Congress, "in the end, we want people not to need us any more."

We look forward to working with Congress on a bipartisan basis to develop a plan which fulfills the President's vision of a welfare system which truly helps people to work and become self-sufficient."

The following questions and answers are provided as guidance to Working Group members and their representatives in answering questions from the media about the Republican plan. As a general rule, we are recommending that the Working Group provide no comment on the plan to the press, other than referring them to the statement issued by the chairs and to Avis LaVelle, the group's spokesperson at 690-7850. You may also talk to Avis' deputy, Melissa Skolfield.

However, if further comment is required the following are some additional questions and answers which should be used as guidance when responding:

Q: Do you think this plan bears any resemblance to what you will be proposing?

A: The President has made no decisions on the nature of his welfare reform plan. We appreciate the Republicans' interest in helping the President carry out his campaign pledge.

Our approach will be based on the four values of work, family, opportunity and responsibility, and we're encouraged by the degree to which the Republican plan mirrors those goals. However, we seek a plan which emphasizes, rather than limits, efforts to make work pay such as the Earned Income Tax Credit. We believe much more can be done to crack down on parents who do not pay child support. Most importantly, we want a plan which does more to help people become self-sufficient.

Q: Do you think you will be able to work with the Republicans to create a bipartisan consensus in light of this plan?

A: We are optimistic that we will be able to gather support from members on both sides of the aisle for a plan that promotes the basic values the President has put forward: work, family, opportunity and responsibility.

Q: How do you react to such suggestions as family caps, an end to benefits for immigrants, or mandatory paternity establishment?

A: The Working Group has not reached any conclusions or presented any options to the President on any specific aspects of the plan. It will be a while before we will be able to comment specifically on any such proposals.

Q: The Republican plan estimates that welfare reform will save \$30 billion over five years. Will the Clinton plan save money?

A: Because no final decisions have been made, it is too early to say. We want to take a particularly close look at the extent to which the Republican claims of cost saving may be illusory because they simply shift costs from the federal government to the states. We are also concerned that across-the-board cuts in cost-effective food and nutrition programs may actually cost money in the long run.

Q: Why hasn't the Working Group come forward with its plan yet?

We are continuing our work according to our original timetable, and will have proposals ready for the President's consideration later this year. President Clinton has been a leader in welfare reform for almost a decade, and we want to present a bold, comprehensive plan that will truly end welfare as we know it. Already, we have taken two important steps with the expansion of the EITC and the introduction of health reform legislation.

We also believe it is important to consult with governors, members of Congress from both parties, people within the welfare system, and others before we make any final decisions. We have just completed a series of five regional hearings in Chicago; Washington, D.C.; Cranford, New Jersey; Sacramento; and Memphis.

Q: As you know, the Republican plan includes a 5 percent reduction in Food Stamps, WIC, and other nutrition programs serving children and the elderly. It also caps spending on the EITC, AFDC, SSI, and public housing programs. Do you really intend to consider these proposals?

Some elements of the plan do concern us, and there will clearly need to be further discussion about aspects of their proposal. For example, across-the-board cuts of that magnitude may be counterproductive and could simply shift burdens to the states. We are also concerned that cuts in cost-effective food and nutrition programs may actually cost money in the long run.

7028

CHANGES TO DRAFT 1 FROM DAVID ELLWOOD, MARY JO BANE, MARY BOURDETTE, ANN ROSEWATER (HHS):

DRAFT STATEMENT RESPONDING TO REPUBLICAN PLAN

Mary Jo Bane, David Ellwood and Bruce Reed, co-chairs of President Clinton's Working Group on Welfare Reform, issued the following statement today in response to the release of the welfare reform legislation by House Republicans:

We believe
"We are pleased that the Republicans in the House of Representatives have entered the debate on welfare reform. We will certainly be looking closely at their legislation in the weeks ahead as we develop our own plan. Many of their proposals address the President's vision for reform, which stresses work, family, opportunity and responsibility."

Continues the development of the President's

in a meaningful way.

Clearly there is broad consensus throughout the country and across political lines for fundamental change in the welfare system. The emphasis in the Republican plan on work and parental responsibility is very much in keeping with the President's goals.

Key work incentives.

While we applaud their emphasis on work, some elements of the plan concern us. Capping programs like the Earned Income Tax Credit undermines the working poor, whose efforts should instead be rewarded. In any reformed system, much more can and should be done to crack down on parents who fail to pay child support. The plan to completely block grant nutrition programs including the Food Stamp program, out their funding, and leave the issue up to the states harms the long bipartisan effort to prevent hunger and represents a clear cost shift to the states. Most importantly, we want a plan that focuses both on opportunity and responsibility, to ensure Americans can and do work and become self-sufficient.

This sentence is confusing and too long

is this necessary - it may be repetitive and not tied to specific points.

We look forward to working with Congress on a bipartisan basis to develop a plan which fulfills the President's vision of a welfare system which truly helps people to work and become self-sufficient."

and the core principle

work must be rewarded.

OFFICE OF THE COUNSELOR TO THE PRESIDENT
DAVID R. GERGEN

The White House
Washington, DC 20500

DATE: 11/8 NUMBER OF PAGES (w/cover): 2

TO: Bruce Reed

FROM: Merel Sr Jody Greenstone

FAX NUMBER: -7028

COMMENTS: _____

NOTE: The information contained in this facsimile message is CONFIDENTIAL and intended for the recipient ONLY. If there are any problems with this transmission, please contact the sender as soon as possible at 202/456-2195.

CHANGES TO DRAFT 1 FROM DAVID ELLWOOD, MARY JO BANE, MARY BOURDETTE, ANN ROSEWATER (HHS):

DRAFT STATEMENT RESPONDING TO REPUBLICAN PLAN

Mary Jo Bane, David Ellwood and Bruce Reed, co-chairs of President Clinton's Working Group on Welfare Reform, issued the following statement today in response to the release of the welfare reform legislation by House Republicans:

"We are pleased that the ^{work with Congress + the states to} Republicans in the House of Representatives have entered the debate on welfare reform. We will certainly be looking closely at their legislation in the weeks ahead as we develop our own plan. Many of their proposals address the President's vision for reform, which stresses work, family, opportunity and responsibility.

Clearly there ^{is} ~~is~~ broad consensus throughout the country and across ~~political~~ ^{party} lines for fundamental change in the welfare system. The emphasis in the Republican plan on work and parental responsibility is very much in keeping with the President's goals.

While we applaud their emphasis on work, some elements of the plan concern us. ^{such as the ~~any~~ cap on the EITC - a powerful work incentive with bipartisan support - and across-the-board cuts in cost-effective nutrition programs.} ~~Gapping programs, like the Earned Income Tax Credit undermines the working poor, whose efforts should instead be rewarded in any reformed system. Much more can and should be done to crack down on parents who fail to pay child support. The plan to completely block grant nutrition programs including the Food Stamp program, out their funding, and leave the issue up to the states harms the long bipartisan effort to prevent hunger and represents a clear cost shift to the states. Most importantly, we want a plan that focuses both on opportunity and responsibility, to ensure Americans can and do work and become self-sufficient, in the work force. As the President said in his Feb. 17 ~~speech~~ ^{address to Congress}, 'In the end we want people not to need us anymore.'~~ We look forward to working with Congress on a bipartisan basis to develop a plan which fulfills the President's vision of a welfare system which truly helps people to work and become self-sufficient."

Moussa -
We need to make our criticism shorter. Let me know if these changes are OK.
Thanks!
BR

Q: The Republican plan estimates that welfare reform will save \$30 billion over five years. Will the Clinton plan save money?

A: Because no final decisions have been made, it is too early to say. We want to take a particularly close look at the extent to which the Republican claims of cost saving may be illusory because they simply shift costs from the federal government to the states. We are also concerned that ~~across-the-board cuts in food and nutrition programs may actually cost money in the long run, a number of studies have found that early investments in child nutrition are very cost-effective.~~ *cost-effective*

Q: Why hasn't the Working Group come forward with its plan yet?

We are continuing our work according to our original timetable, and will have proposals ready for the President's consideration later this year. President Clinton has been a leader in welfare reform for almost a decade, and we want to *bold,* ~~present a comprehensive plan that will truly end welfare as we know it.~~ We also believe it is important to consult with governors, members of Congress from both parties, ~~welfare recipients themselves,~~ and others before we make ~~any~~ final decisions. *people within the welfare system,*

We have just completed a series of 5 regional hearings in [US].

Q: As you know, the Republican plan includes a 5 percent reduction in Food Stamps, WIC, and other nutrition programs serving children and the elderly. It also caps spending on the EITC, AFDC, SSI, and public housing programs. Do you really intend to consider these proposals?

Some elements of the plan do concern us, and there will clearly need to be further discussion about aspects of their proposal. For example, across-the-board cuts of that magnitude may be counterproductive and could simply shift burdens to the states. We are also concerned that cuts in *Cost-effective* ~~food and nutrition programs may actually cost money in the long run, a number of studies have found that early investments in child nutrition are very cost-effective.~~

OK

The following questions and answers are provided as guidance to Working Group members and their representatives in answering questions from the media about the Republican plan. As a general rule, we are recommending that the Working Group provide no comment on the plan to the press, other than referring them to the statement issued by the chairs and to Avis LaVelle, the group's spokesperson at 690-7850. You may also talk to Avis' deputy, Melissa Skolfield.

However, if further comment is required the following are some additional questions and answers which should be used as guidance when responding:

Q: Do you think this plan bears any resemblance to what you will be proposing?

A: We need to take a close look at the plan before we can answer any questions like that. Bear in mind that there are a number of alternatives out there: several states and cities have demonstration programs of their own, many nonprofit organizations are helping recipients move from welfare to work, and a number of institutions have done interesting and important studies. What we are doing is reviewing all the possibilities for reform to come up with a model that is the best way to help low-income families take control of their own lives.

Our approach will be based on the four values of work, family, opportunity and responsibility, and we're encouraged by the degree to which the Republican plan mirrors those goals. However, we seek a plan which emphasizes, rather than limits, efforts to make work pay such as the Earned Income Tax Credit. We believe much more can be done to crack down on parents who do not pay child support. Most importantly, we want a plan which does more to help people become self-sufficient.

Q: Do you think you will be able to work with the Republicans to create a bipartisan consensus in light of this plan?

A: We are optimistic that we will be able to gather support from members on both sides of the aisle for a plan that promotes the basic values the President has put forward: work, family, opportunity and responsibility.

Q: How do you react to such suggestions as family caps, an end to benefits for immigrants, or mandatory paternity establishment?

A: The Working Group has not reached any conclusions or presented any options to the President on any specific aspects of the plan. It will be a while before we will be able to comment specifically on any such proposals.

The President has ~~not~~ made no decisions on the ~~the~~ nature of his welfare reform plan. We appreciate the Republicans' interest in helping the President carry out his campaign pledge.

MELISSA -
Great with changes. Thanks - BR

DRAFT STATEMENT RESPONDING TO REPUBLICAN PLAN

Mary Jo Bane, David Ellwood and Bruce Reed, co-chairs of President Clinton's Working Group on Welfare Reform, issued the following statement today in response to the release of the welfare reform legislation by House Republicans:

"We are pleased that the Republicans in the House of Representatives have entered the debate on welfare reform. We will certainly be looking closely at their legislation in the weeks ahead as we develop our own plan. Many of their proposals address the President's vision for reform, which stresses work, family, opportunity and responsibility.

Clearly ^{party} there is broad consensus throughout the country and across ~~political~~ lines for fundamental change in the welfare system. The emphasis in the Republican plan on work and parental responsibility is very much in keeping with the President's goals.

Some elements of the plan concern us, and there will clearly need to be further discussion about aspects of their proposal. Welfare reform should not simply shift burdens to the states; instead it should fundamentally change a system which encourages dependency into one which helps move people into the work force. We seek a plan which emphasizes, rather than limits, efforts to make work pay such as the Earned Income Tax Credit. We believe much more can be done to crack down on parents who do not pay child support. Most importantly, we want a plan which does more to help people become self-sufficient ^{in the work force}. As the President said in his Feb. 17

We look forward to working with Congress on a bipartisan basis to develop a plan which fulfills the President's vision of a welfare system which truly helps people to work and become self-sufficient."

address to Congress, 'In the end we want people not to need us anymore.'



DEPARTMENT OF HEALTH & HUMAN SERVICES

A fax message from:

Melissa T. Skolfield

Deputy Assistant Secretary for Public Affairs

Phone: (202) 690-6853

Fax: (202) 690-5673

To: Bruce Reed

Fax: 456-7739 Phone: _____

Date: 11-8-93 Total number of pages sent: 6

Comments:

11/8/93

NOTE TO ALL WELFARE WORKING GROUP MEMBERS:

Attached is the final statement and Q&A, which I believe have now been cleared by all involved. If you have additional comments, please call me immediately. We understand that the bill's introduction has been set for Wednesday, November 10.

Also attached is a draft Q&A from USDA, which has not yet been cleared. Could I get comments please? Thanks.

Melissa

DRAFT #5 final

DRAFT STATEMENT RESPONDING TO REPUBLICAN PLAN

Mary Jo Bane, David Ellwood and Bruce Reed, co-chairs of President Clinton's Working Group on Welfare Reform, issued the following statement today in response to the release of the welfare reform legislation by House Republicans:

"We are pleased that the Republicans in the House of Representatives have entered the debate on welfare reform. We will certainly be looking closely at their legislation in the weeks ahead as we work with Congress and the states and localities to continue the development of the Administration's plan. Many of their proposals address the President's vision for reform, which stresses work, family, opportunity and responsibility.

Clearly there is broad consensus throughout the country and across party lines for fundamental change in the welfare system. The emphasis in the Republican plan on work and parental responsibility is very much in keeping with the President's goals.

While we applaud their emphasis on work, some elements of the plan concern us, such as the cap on the EITC - a powerful work incentive which has bipartisan support - and the across-the-board cuts in cost-effective nutrition programs which are likely to shift costs to the state. Much more can and should also be done to crack down on parents who fail to pay child support. Most importantly, we want a plan that focuses both on opportunity and responsibility, to ensure that Americans can and do work and become self-sufficient in the work force. As the President said in his January 17 address to Congress, "in the end, we want people not to need us any more."

We look forward to working with Congress on a bipartisan basis to develop a plan which fulfills the President's vision of a welfare system which truly helps people to work and become self-sufficient."

The following questions and answers are provided as guidance to Working Group members and their representatives in answering questions from the media about the Republican plan. As a general rule, we are recommending that the Working Group provide no comment on the plan to the press, other than referring them to the statement issued by the chairs and to Avis LaVelle, the group's spokesperson at 690-7850. You may also talk to Avis' deputy, Melissa Skolfield.

However, if further comment is required the following are some additional questions and answers which should be used as guidance when responding:

Q: Do you think this plan bears any resemblance to what you will be proposing?

A: The President has made no decisions on the nature of his welfare reform plan. We appreciate the Republicans' interest in helping the President carry out his campaign pledge.

Our approach will be based on the four values of work, family, opportunity and responsibility, and we're encouraged by the degree to which the Republican plan mirrors those goals. However, we seek a plan which emphasizes, rather than limits, efforts to make work pay such as the Earned Income Tax Credit. We believe much more can be done to crack down on parents who do not pay child support. Most importantly, we want a plan which does more to help people become self-sufficient.

Q: Do you think you will be able to work with the Republicans to create a bipartisan consensus in light of this plan?

A: We are optimistic that we will be able to gather support from members on both sides of the aisle for a plan that promotes the basic values the President has put forward: work, family, opportunity and responsibility.

Q: How do you react to such suggestions as family caps, an end to benefits for immigrants, or mandatory paternity establishment?

A: The Working Group has not reached any conclusions or presented any options to the President on any specific aspects of the plan. It will be a while before we will be able to comment specifically on any such proposals.

Q: The Republican plan estimates that welfare reform will save \$30 billion over five years. Will the Clinton plan save money?

A: Because no final decisions have been made, it is too early to say. We want to take a particularly close look at the extent to which the Republican claims of cost saving may be illusory because they simply shift costs from the federal government to the states. We are also concerned that across-the-board cuts in cost-effective food and nutrition programs may actually cost money in the long run.

Q: Why hasn't the Working Group come forward with its plan yet?

We are continuing our work according to our original timetable, and will have proposals ready for the President's consideration later this year. President Clinton has been a leader in welfare reform for almost a decade, and we want to present a bold, comprehensive plan that will truly end welfare as we know it. Already, we have taken two important steps with the expansion of the EITC and the introduction of health reform legislation.

We also believe it is important to consult with governors, members of Congress from both parties, people within the welfare system, and others before we make any final decisions. We have just completed a series of five regional hearings in Chicago; Washington, D.C.; Cranford, New Jersey; Sacramento; and Memphis.

Q: As you know, the Republican plan includes a 5 percent reduction in Food Stamps, WIC, and other nutrition programs serving children and the elderly. It also caps spending on the EITC, AFDC, SSI, and public housing programs. Do you really intend to consider these proposals?

Some elements of the plan do concern us, and there will clearly need to be further discussion about aspects of their proposal. For example, across-the-board cuts of that magnitude may be counterproductive and could simply shift burdens to the states. We are also concerned that cuts in cost-effective food and nutrition programs may actually cost money in the long run.

Q: As you know, the Republican plan would combine all nutrition assistance programs into one block grant program. Do you intend to consider this proposal?

We have reservations about the block grant proposal. In addition to concerns about funding reductions, we are concerned that a block grant would replace the national network of coordinated, well-targeted nutrition assistance programs we now have with programs that vary greatly from State-to-State in terms of benefit levels and treatment of certain vulnerable populations. We need to be careful that we don't retreat from the Nation's commitment to feed hungry Americans.

Republican
plan

Outline of Republican Welfare Reform Bill
November, 1993

Outline of Bill

- Title I: AFDC Transition and Work Program
- Title II: Paternity Establishment
- Title III: Expansion of Statutory Flexibility for States
- Title IV: Expansion of State and Local Flexibility
- Title V: Child Support Enforcement
- Title VI: Welfare Restrictions for Aliens
- Title VII: Controlling Welfare Costs
- Title VIII: Consolidated Block Grant to States for Nutrition Assistance
- Title IX: Miscellaneous

Title I: AFDC Transition and Work ProgramA. AFDC Transition Program (first 2 years on AFDC)

1. Program outline. At the time of AFDC enrollment, families are referred to the AFDC Transition Program in which they are expected to work or prepare for work:
 - a. at state option, participation in the AFDC Transition Program can begin after 1 year for some or all recipient families defined as job ready by states;
 - b. recipients and the welfare agency create a written plan describing what each must do so the parent can prepare for work; the written plan must include the statement that after 2 years (or less at state option) parents who have not secured paid employment must work in exchange for their AFDC benefit;
 - c. states, in consultation with the Secretary, establish the guidelines by which participation is defined; states can set their own guidelines within the following framework:
 - 1) the general rule, to which education is an exception (see below), is that families must participate at least 520 hours per year; although states have flexibility in how the 520 hours is achieved (e.g., 100% time for 3 months, 50% time for 6 months, or 25% time for 12 months fulfills the requirement);
 - 2) within 12 months of enactment, the Secretary must publish rules about how education hours are counted; the guiding principle should be that meeting whatever a given educational institution (including certified professional training schools and certified degree-granting programs) considers full-time enrollment, and maintaining at least minimum passing evaluations, counts as participation;
 - 3) in two-parent families, at least one parent

- must meet participation requirements; states have the option of requiring participation by both parents;
- 4) parents can use the 6-month birth exemption (see below) only one time; if a subsequent child is born while the parents are on AFDC, only the 4-month exemption is in effect;
 - d. all the programs authorized in section 482(d) of the Social Security Act (education, job skills, job readiness, job development and placement, group and individual job search, on-the-job training, work supplementation, community work experience) count as participation under the AFDC Transition program.
2. Sanctions. Participants who fail to meet the criteria for participation are sanctioned as follows:
- a. for the first offense, the combined value of the family's AFDC benefit and Food Stamp benefit is reduced by 25% until the parent complies and at least 3 months have elapsed; if 3 months elapse and the recipient has not complied, then the recipient is deemed to have started the second offense period;
 - b. the sanction for the second offense is similar to the first except that in addition to complying with the criteria, at least 6 months must elapse before benefits are restored; if the recipient has not complied within 3 months, then the recipient is deemed to have entered the third offense period;
 - c. for the third offense, the family is dropped from AFDC altogether;
 - d. when families are dropped from AFDC, they retain Medicaid, Food Stamps, and any other benefit for which they are otherwise eligible.
3. Exemptions.
- a. incapacitated, as currently defined in regulations (not including drug and alcohol offenders);
 - b. at state option, those enrolled in drug and alcohol abuse programs (with a 12-month limitation);
 - c. during a 6-month period in which a recipient gives birth to the first child born after the recipient participates in AFDC (divided as the recipient selects between the pre-natal and post-natal periods);
 - d. during a 4-month period in which a recipient gives birth to the second or subsequent child born after the recipient participates in AFDC (divided as the recipient selects between the pre-natal and post-natal periods);
 - e. during a 2-month period following the return home of a child who had been removed from the home;

- f. during the period in which full-time care is provided for a disabled dependent.

4. Participation Requirements.

- a. participation standards are computed separately for the Transition Program and the Work Program;
- b. new participation standards apply to applicants for FY 1996 and 1997; the standard for 1996 is 30 percent; the standard for 1997 is 40 percent;
- c. beginning in 1998, participation standards apply to the entire caseload (not just applicants); the standard in the Transition Program is 50 percent in 1998, 60 percent in 1999, 70 percent in 2000, 80 percent in 2001, and 90 percent in 2002;
- d. to the extent possible, states are encouraged to fulfill their participation standards by focusing their efforts on mothers with school-age children.

- B. AFDC Work Program. If parents have not found a job after two years, they must participate in a work program established by the state

1. Program Outline.

- a. most states now conduct a Community Work Experience Program (CWEP) in which parents work, usually in a public sector job, for the number of hours equal to their AFDC benefit divided by the minimum wage; the current CWEP hours requirement is rewritten to mandate that recipients work for 35 hours per week;
- b. states can also require participation in the Work Supplementation program in which the AFDC benefit is used to subsidize a private sector job;
- c. reforms to the Work Supplementation program include:
 - 1) elimination of the requirement that all jobs must be new jobs;
 - 2) creation of new financial incentives for states to use the program:
 - recipients participating in the Work Supplementation program must be paid a salary at least equal to their AFDC plus food stamp benefits;
 - states can negotiate arrangements with employers to pay enough of the salary that some part of the value of the AFDC benefit will not be required to reach the AFDC plus Food Stamp minimum; in these cases, states can continue to request the federal share of the AFDC benefit as if the entire benefit were still being paid by state funds (this provision has the effect of allowing states to keep the entire amount by which the

- employer-provided salary "buye out" the AFDC benefit);
- d. states can create a new work program, subject to approval by the Secretary, that combines features of CWEP and Work Supplementation or uses entirely new approaches developed by the state;
 - e. after 3 years of participation in the work program (and a total of 5 years on AFDC), states have the option of dropping recipients from the AFDC rolls; recipients would continue to be eligible for Medicaid, food stamps, and other benefits.
2. Sanctions. Same as above
 3. Exemptions. Same as above
 4. Participation requirements.
 - a. the Work Program begins for applicants in 1996; states must include at least 30 percent of their nonexempt caseload in their Work Programs in 1996;
 - b. the participation standard for applicants then increases to 40 percent in 1997, 50 percent in 1998, and 60 percent in 1999;
 - c. beginning in 2000, participation standards apply to the entire caseload (rather than just applicants); the standards are 70 percent in 2000, 80 percent in 2001, and 90 percent in 2002;
 - d. the denominator for this calculation for each fiscal year is the number of nonexempt participants who have been on AFDC for at least 2 years on the first day of the fiscal year.
- C. Work Program for Two-Parent Families. At least one parent in two-parent families on AFDC must be required to work 32 hours per week and engage in job search for 8 hours per week. States are required to pay the combined AFDC-Food Stamp benefit in cash and only after the completion of the work requirement for any given period. If the work requirement has been only partially met, states must proportionately adjust the AFDC-Food Stamp payment level.
- D. State Option to Limit AFDC Two-Parent Program. Some states currently have the option of providing the AFDC Two-Parent program to qualified families for only 6 months in a given 12-month period; this option is extended to all states. (Current law prohibits about half the states from using the 6-month option).

E. Work Program for Fathers. Fathers of children on AFDC must either pay child support or participate in a work program:

1. Fathers who are the equivalent of 2 months in arrears on their child support, unless they are following a court-approved plan for repayment, must participate in this program.
2. States can design their own programs, but their program must include at least the following three elements:
 - a. initial contact with the father must include a letter that informs him he must pay child support, that he should contact the child support office, and that he is subject to fines and penalties if he does not cooperate;
 - b. if the father does not pay child support within 30 days he must be enrolled in a job search program for between 2 and 4 weeks;
 - c. if the father still does not pay child support within another 30 days, he must be enrolled in a work program for at least 35 hours per week (30 hours if the program also requires job search).
3. The work program participation standards outlined above for the Transition and Work Programs apply to the work program for fathers; the denominator for calculations is the number of fathers with children on AFDC who do not pay child support.
4. Only incapacitated fathers are exempt.

Title II: Paternity Establishment

- A. If the paternity of any dependent named on an AFDC application has not been legally established, the mother must provide the name of the father or fathers to AFDC officials as part of the application process:
 1. if the mother does not provide a name, her family is not eligible for AFDC benefits for that child; if there is only one child, then the family will be denied all AFDC benefits;
 2. if the mother is not certain who the father is, she must name all the men (but not more than 3) she thinks could be the father;
 3. in the case of families with one child, once the mother has provided the father's name, the family is eligible for an AFDC cash benefit for a 1-person family;

6

4. in the case of families that have at least one child for whom paternity has been established and at least one child for whom paternity has not been established, the family will receive an AFDC benefit equal to the size of family that includes only the child or children for whom paternity has been established.
- B. After giving the father's name, the mother must cooperate with the state child support enforcement agency to establish paternity:
1. once paternity is legally established, the family is eligible for the full AFDC benefit for a family of that size;
 2. if the child support agency finds that the man named by the mother is not the father, the mother and children are dropped from the rolls until paternity is established;
 3. in the case of a family with more than one child at least one of which has paternity established, a false name will still result in the entire family being dropped from the rolls.
- C. States must require all officers and employees of the state, upon first recognizing that an unwed woman is pregnant, to inform her that:
1. she will not be able to receive AFDC benefits until she identifies the father, and
 2. she should do whatever is necessary to get the father to acknowledge paternity as soon as possible.
- States are encouraged to develop procedures in public hospitals and clinics that facilitate the acknowledgment of paternity.
- D. States must develop procedures, in consultation with the Secretary, to handle cases in which mothers claim the father is dead or missing. State procedures should be based on the principle that the burden of proof is on the mother.
- E. The mother is exempt from these requirements if her pregnancy was caused by rape or incest or if the state concludes that pursuing paternity will result in physical harm to the parent or child.

- F. States are required to follow the provisions outlined above unless the state passes a law specifically declaring that the state wants to exempt itself.
- G. The state paternity establishment requirement of 75 percent in current law is increased to 90 percent. States under 90 percent must increase by 6 percent each year if their percentage is over 50 percent and 10 percent each year if their percentage is under 50 percent.

Title III: Expansion of Statutory Flexibility for States

- A. States can convert AFDC to block grant. States have the option of taking the amount of federal reimbursement they received under Title IV-A in 1992, plus a one-time inflation adjustment of 3 percent, as a fixed annual cash payment rather than continuing in the current AFDC program. States electing this option must present an annual report to the Department of Health and Human Services showing that all the money from the block grant was spent to help poor and low-income families.
- B. No AFDC for minor parents under age 18. States may refuse AFDC benefits if the mother or father of the dependent child is a minor as defined by state law. If minor parents are married, they can qualify for the state AFDC program for 2-parent families. States can decide not to follow this provision by passing a state law specifically exempting themselves.
- C. AFDC benefit levels for new state residents. States have the option of providing new residents of their state with the same level of AFDC benefits as provided by the state from which the residents moved. This level of benefits can be provided for no more than 1 year.
- D. Sanctions for school attendance. Families with school-age children who attend school less than some state-established minimum without good cause can be subject to a sanction of up to \$75.00 per child per month. Good cause is defined by states in consultation with the Secretary. Minor parents receiving AFDC who have not graduated from high school are also subject to this provision.
- E. No additional money for more children. States are not required to pay any additional benefits for children born 10 months after the date of application for AFDC. States can, but are not required to, allow exceptions for families: a) that leave AFDC due to earnings for at least 90 days if employment is terminated for good cause, and/or b) that remain off AFDC for 12 consecutive months. States

can decide not to follow this provision by passing a law specifically exempting themselves.

- F. Change work disregards within limits. States are permitted to replace the current Federal rules for disregarding income in setting AFDC benefit levels. The current 4-month \$30 and 1/3 rule can be changed as a state wishes but the changes can be no more generous than the equivalent of permanently disregarding the first \$200 of family earnings plus 1/2 of the remainder.
- G. Married couple transition benefit option. States are permitted to allow AFDC recipients who marry someone who is not the parent of their child, and who would become ineligible for AFDC, to keep up to 1/2 of their current benefit for up to one year as long as their combined family income is below 150% of the poverty level. Couples who marry and are eligible for the AFDC two-parent program in the state may receive either two-parent AFDC or the state's new "married couple" transition benefit, but not both.
- H. Increase asset limit up to \$10,000. States can disregard, for a maximum period of 2 years, up to \$10,000 of assets associated with a microenterprise owned by a family for purposes of determining AFDC eligibility and calculating AFDC benefits; states may also disregard up to \$10,000 of savings placed in a special account to be used for purchase of a home or for education or training. The disregard for business-related costs, income, and resources associated with a business of five or fewer employees will be increased from \$1,000 to \$10,000 per family.
- I. Parenting classes, money management, and moving residence. States have the option of requiring AFDC parents to participate in parenting classes and classes on money management during the Transition Program. Such participation counts toward fulfillment of state participation requirements. States can also require parents receiving AFDC benefits to receive agency permission before changing a dependent child's residence during the school year.

Title IV. Expansion of State and Local Flexibility

- A. Interagency Waiver Request Board. Waiver requests from states, localities, and other program operators are considered by an interagency board composed of the Secretaries of Agriculture, Health and Human Services, Housing and Urban Development, Labor, Interior, Justice, and the Office of Management and Budget. The Board is headed by a chairperson appointed by the President.

B. Goals of Reform Waivers. The Chairman and Board must insure that all waivers meet one or more of the following goals:

1. helping elderly and disabled individuals who need long-term assistance meet basic human needs or improve their living conditions.
2. helping able-bodied individuals and their families, on a temporary basis, meet basic human needs and improve their living conditions while--
3. acquiring the experience and skills necessary to improve their living conditions, maintain and strengthen family relationships, and attain or retain the capability for self-support and independence,
4. promoting individual initiative and personal behavior consistent with progress toward self-sufficiency and a strong family life.

The Chairman and Board must also insure that granting the requested waiver would not unnecessarily affect individuals or families adversely.

C. Application for Waivers. Any entity eligible to receive Federal funds may submit a waiver application to the Board specifying, explaining, and justifying the particular provisions of statute or regulation the entity wants to change. All applications must aim to help long-term welfare recipients improve their living conditions, help recipients strengthen their families and achieve self-sufficiency, or promote individual initiative and personal behavior consistent with progress toward self-sufficiency. Applications must contain written assurances that implementing the proposal will not result in additional costs to the federal government.

1. Any entity has the option to submit a streamlined express application to implement an assistance plan reforming three or fewer programs. The entity may request that the chairperson authorize the applicant to implement the plan and waive the application of any Federal statutory or regulatory requirement to the extent necessary to enable such implementation.
2. Entities wishing to reform such programs may submit an application for an integrated assistance plan. Applicants must include in their applications the geographic area and recipients to be affected; objectives and performance criteria; federal programs that will be improved by implementation; fiscal control policies for plan; consent of qualified organizations; and approval of state and local agencies (affected by the proposal).

- D. Agency Approval. The Chairman, after considering the proposal and making any written comments she thinks appropriate, forwards the proposal to the agency or agencies with jurisdiction over the programs. Within 45 days the agency must provide the Chairman with views on whether the proposal meets the goals of reform waivers outlined above. If more than one federal agency is involved in the waiver request, the chairman must take steps to assure that all agencies are informed of the others' involvement. The Chairman must reach a decision on the waiver request and notify the state within 90 days; if the state waiver request has not been approved or disapproved within 90 days from the date of receipt, the request is deemed to be approved.
- E. Eligible Federal Programs. Programs are deemed eligible for waivers if, directly or indirectly, they provide cash assistance, education, employment training, health, housing, nutrition, or social services to individuals or families.

Title V: Child Support Enforcement

- A. Improved Tracking of Absent Parents to Enforce Support. Establish a nationwide system for reporting and tracking newly hired workers to improve the nation's ability to locate parents and enforce support orders. The system would include a current address, source of earnings, and record of support obligations. This proposal is based on three specific reforms:
1. New employees would be required to report support obligations subject to wage withholding to employers via new W-4 tax forms. Withholding would begin immediately and employment information would be maintained for interstate searches.
 2. States would maintain updated registries of support orders to verify new hire withholding information and assist other states with interstate searches.
 3. The Federal Parent Locator service would be expanded to improve access to information nationwide; the Federal Office of Child Support Enforcement would coordinate an information network between states to provide for speedy interstate searches.
- B. Streamlined Wage Withholding. Streamline the interstate system of wage withholding by establishing uniform withholding notices and by requiring employers to honor

withholding notices from out-of-state courts.

- C. Improved Paternity Establishment. States would establish hospital-based programs to encourage voluntary paternity establishment at the time of birth and provide for administrative processes for establishing parentage.

Title VI: Welfare Restrictions for Aliens

- A. All welfare benefits (other than emergency Medicaid) are eliminated for non-citizens, except for refugees and certain permanent residents as defined below.
- B. Exceptions for refugees and permanent resident aliens:
1. Refugees who have been adjusted to permanent resident status can receive welfare for only 1 year beyond the time limit required for them to apply for citizenship (unless they are over age 75);
 2. Permanent resident aliens over age 75 who have been legal residents for at least 5 years are eligible for welfare benefits.
- C. State AFDC agencies must provide the name, address, and other identifying information (including fingerprints) to the Immigration and Naturalization Service for all illegal immigrant parents with citizen children.
- D. Any noncitizen who is currently residing in the U.S. and is affected by any of the above provisions is exempt from that provision for 1 year following passage of the bill; any federal department that administers welfare programs that currently serve resident aliens must directly notify, or ensure that states notify, all recipients affected by the provisions outlined above.

Title VII: Controlling Welfare Costs

- A. Annual outlay growth in the Aid to Families with Dependent Children, Supplemental Security Income, Public housing and Section 8 housing, Food Stamps, and Earned Income Tax Credit (EITC) programs is capped at 2% plus inflation. If spending in any year exceeds the cap, each of the six programs is reduced by the percentage necessary to bring aggregate spending in line with the cap. Each program is reduced by the same percentage amount.
- B. The concurrent budget resolution includes an aggregate outlay figure for all six capped programs and for each program individually; each figure equals the previous year's outlays plus inflation plus 2%. Committee

allocations for Ways and Means, Banking, and Agriculture reflect the caps. The President's budget also contains the same aggregate and individual outlay figures that are found in the budget resolution.

- C. Five days after Congress adjourns to end a session, OMB calculates both an estimated outlay figure for each capped program for the previous fiscal year as well as the 2% plus inflation cap.
- D. Fifteen days after Congress adjourns to end a session, each of the capped programs is reduced by sequestration, if necessary, by the uniform percentage required to achieve the spending limit imposed by the cap.

Title VIII: Consolidated Block Grant to States for Nutrition Assistance

- A. The consolidated block grant combines 10 food and nutrition programs into a single, discretionary block grant to states. The 10 programs are: Food Stamps, Nutrition Assistance for Puerto Rico, Special Milk Program, State Child Nutrition Program, Special Supplemental Food Program for Women, Infants, and Children (WIC), Commodity Supplemental Food Program, Food Donations Programs for Selected Groups, The Emergency Food Assistance Program, Administration on Aging/Nutrition Services, and Food Program Administration.
- B. Spending on the block grant is controlled by imposing a ceiling on the spending each year. The first-year ceiling is 95% of the total spending from the individual programs; in subsequent years spending is adjusted to take into account population growth and food price inflation.
- C. The block grant is apportioned among states in accord with the percent of the poverty population that resides in each state. Money from the block grant must be spent by states providing nutrition programs to families with incomes below 70% of the Lower Living Standard Income Level published by the Department of Labor.
- D. Restrictions on State Spending:
 - 1. States cannot spend more than 5% of their grant on administration.
 - 2. States must spend at least 12% of their allocation on the Special Supplemental Food Program for Women, Infants, and Children (WIC); this amount will bring WIC benefits to all eligible children and mothers.

3. States must spend 20% of their funds on nutrition programs in child care and public school facilities; spending must be targeted on school children meeting the eligibility criteria for free and reduced price school meals.
- E. The program authorization expires after 5 years. The initial authorization includes funding for the first and second years; the intent of this provision is to provide transitional assistance for programs with a funding cycle at variance with the fiscal year. Following the transition period, the block grant will be forward-funded.
- F. The block grant generates savings through elimination of benefit overlap, reduction of middle class subsidies, and slashing administrative duplication. The federal government will cease direct purchase of agricultural commodities for the purpose of distribution to food programs; states can directly purchase agricultural commodities held by the federal government as part of farm surplus reduction programs.

Title IX: Miscellaneous

A. AFDC Recipients and Drug Addiction

1. AFDC applicants and recipients determined by states to be addicted to alcohol or drugs must participate in addiction treatment if it is available.
2. Failure of addicts to participate on a satisfactory basis as defined by the state will result in expulsion from AFDC for 2 years.
3. States may waive participation requirements during the transition program for up to 1 year if AFDC recipients are participating in addiction treatment programs; however, states must continue to include all addicted recipients in the denominator for calculation of participation standards.
4. States are authorized to use random and unannounced drug tests with recipients who have participated in drug rehabilitation programs or have a history of addiction; refusal by the recipient to submit to drug testing will result in termination of the entire family's cash AFDC benefit for 2 years.

- B. Supplemental Security Income & Addicts. The Social Security Administration is directed to identify all SSI participants whose disability was caused by addiction to illegal drugs and to test them periodically, on a random

schedule, to determine whether they are using illegal drugs. If use of illegal drugs is detected by the tests, or if recipients refuse to submit to testing, their SSI benefits are permanently terminated.

- C. Evaluation of Education and Training Programs. The Department of Health and Human Services is required to fund research that examines the impacts of education and training programs on exits from AFDC, welfare expenditures, wage rates, employment histories, and repeat spells on AFDC. At least one of the studies must involve three groups to which AFDC adults are randomly assigned: a control group not required to participate in any special activity, a group required to participate in education or job training programs, and a group required to participate in job search or job search and work experience. Participants must be followed for at least 5 years.
- D. Initial AFDC Applicant Job Search. States must require AFDC applicants to participate in job search while their welfare application is being processed. Applicants must be reimbursed for transportation and child care expenses. States can provide emergency aid when payment cannot be delayed. States retain considerable flexibility in defining such emergencies, although they must include in their state plan the general guidelines they will follow. States can decide not to follow this provision by passing a state law specifically exempting themselves.
- E. Demonstrations on Fraud and Administrative Efficiency.
1. HHS is authorized to conduct demonstrations in several states to determine whether providing welfare benefits (including AFDC, Food Stamps, Medicaid, housing, etc.) by use of electronic cards and automatic teller machines will reduce administrative costs and fraud; within 5 years HHS must write a report to Congress summarizing the results of the studies and making recommendations about whether and how more states might be required to use electronic funds transfer programs.
 2. HHS is required to appoint a commission composed of cabinet officials, outside experts, and state administrators to determine the cost and feasibility of creating an interstate system of Social Security numbers of all welfare participants for the purpose of ensuring that no adults or children are participating in welfare programs in more than one state.
- F. Work Incentive in HOUSING PROGRAMS. Local public housing authorities must disregard FICA taxes and income taxes from

earned income for purposes of calculating rent for 2 years after recipients begin employment. Public housing authorities may exclude from earned income, for a maximum of 2 years, additional earnings resulting from employment of a previously unemployed household worker over age 18. Both of these provisions are subject to funding approval by the Appropriations Committee.

G. Required Immunizations for Children.

1. Families with children under age 6 must present verification from a physician that the children are receiving regular pediatric checkups and required immunizations.
2. States must conduct education and outreach activities designed to increase public awareness of the importance of preschool health checkups and to advertise the availability of free or reduced price immunizations.
3. Children attending facilities supported by the Child Care and Development Block Grant must present evidence schedule of pediatric immunizations; providers must present parents with written information about required immunizations; parents must be given between 30 and 45 days to obtain the required immunizations or the child must be removed from the facility.
4. The Surgeon General must issue recommendations for the schedule of immunizations to be followed by children under 6 years of age.

**SUMMARY OF WELFARE REFORM LEGISLATION
SPONSORED BY HOUSE REPUBLICANS
Fall, 1993**

I. ATTACKS THE TWO FUNDAMENTAL CAUSES OF WELFARE

CAUSE 1: NONWORK

- Less than 10% of welfare mothers work
- Although many mothers leave welfare within 2 years, many stay for 8 years or more; today there are more than 3 million mothers on AFDC who will remain on welfare during 8 years or more

THE SOLUTION: MANDATORY WORK

- When fully implemented, the Republican bill requires 63% of mothers who have been on AFDC for at least 2 years to work 35 hours per week for their benefits; mothers do not lose their benefits if they work in community or private sector jobs arranged by the state
- Mothers must use the first 2 years on AFDC (less at state option) to participate in education, training, work experience, and job search to prepare for a position in the private economy; if they do not find a job within that 2 years, they must participate in a community work job in order to continue receiving welfare benefits
- Provides states with an additional \$10 billion to provide welfare mothers with employment services, including day care
- One adult in two-parent families on welfare must work 32 hours per week and search for a job 8 hours per week starting the first day they receive welfare
- Mothers applying for welfare must participate in a job search program while their application is being processed
- Fathers of children on welfare who do not pay child support must also participate in work programs
- Mothers who refuse to work have their benefits reduced and then terminated; states failing to ensure that parents work suffer serious financial penalties

CAUSE 2: ILLEGITIMACY

- Illegitimacy has risen wildly in recent years; now 2 of every 3 black children and 1 of every 5 white children are born out of wedlock -- and the rates are still rising
- Of illegitimate babies born to teen mothers, a shocking 80% will be on welfare within 5 years
- Teen mothers are the most likely to stay on welfare for many years without working
- Most of the increase in poverty and welfare in recent years is caused, not by a poor economy or reduced government spending (both are up), but by increased illegitimacy

THE SOLUTION: ESTABLISH PATERNITY, RESTRICT WELFARE, CRACK DOWN ON DEADBEAT DADS

- All mothers applying for welfare must identify the father or they will not receive benefits
- After identifying the father, mothers receive a reduced benefit until paternity is legally established
- Mothers who are minors must live at their parent's home, thus preventing them from using an illegitimate birth to establish their own household
- States must increase their paternity establishment rates, over a period of years, to 90% or suffer stiff penalties
- States are required to stop increasing welfare checks when families on welfare have additional children; states can avoid this requirement only if they pass a law exempting themselves
- States are required to stop paying welfare benefits to parents under 18 years of age; states can avoid this requirement only if they pass a law exempting themselves
- Deadbeat dads with children on welfare are required to pay child support or work

(OVER)

Page 2

II. SLASHES WELFARE FOR NONCITIZENS

THE PROBLEM: TOO MUCH WELFARE FOR TOO MANY IMMIGRANTS

- Hundreds of thousands of noncitizens are added to the nation's welfare programs each year
- A recent study by the Social Security Administration shows that more than 11% of all recipients and 20% of elderly recipients of Supplemental Security Income are noncitizens
- Noncitizens also qualify for Aid to Families with Dependent Children, Food Stamps, Medicaid, housing, and other welfare benefits

THE SOLUTION: STOP WELFARE FOR NONCITIZENS

- Simply end welfare for most noncitizens
- Allow refugees to receive welfare for only a fixed number of years unless they become citizens
- Allow noncitizens over 75 to receive welfare
- Continue the benefits of current noncitizens receiving welfare for 1 year

III. EMPHASIZES PARENTAL RESPONSIBILITY

- Requires mothers who are minors to live at their parent's home
- Requires states, in most cases, to stop welfare payments to unmarried parents under age 18
- Requires states to terminate the cash welfare benefits of families that do not have their preschool children immunized
- Encourage states to reduce the cash welfare benefit of families that do not assure that their children attend school regularly
- Allows states to require AFDC parents to participate in parenting classes and classes on money management
- Allows states to discourage parents from moving to a new school district during the school year

IV. ATTACKS SEVERAL ADDITIONAL WELFARE PROBLEMS

- Requires adults applying for welfare to engage in job search before their benefits start
- Requires addicted recipients of welfare to participate in treatment programs or lose their benefits
- Converts 10 major food programs into a block grant that provides states with almost complete discretion over spending; funding for the programs is reduced by 5%
- Caps spending on Supplemental Security Income, Aid to Families with Dependent Children, Food Stamps, Public and Section 8 Housing, and the Earned Income Tax Credit to inflation plus 2% per year
- Provides states with much greater control over means-tested programs so they can coordinate and streamline welfare spending
- Encourages states to provide financial incentives to induce mothers on welfare to work and marry
- Allows states to let welfare recipients accumulate assets to start a business, buy a home, or attend college
- Allows states and local housing authorities to use more generous income disregard rules to promote work incentives
- Requires addicted recipients of Supplemental Security Income benefits to submit to drug testing; ends SSI benefits for those testing positive for illegal drugs

V. ACCOMPLISHES ALL THE ABOVE IN A BILL THAT REDUCES THE DEFICIT BY \$20 BILLION OVER 5 YEARS

- The training and mandatory work provisions of the bill cost nearly \$12 billion over 5 years
- The paternity establishment, job search, parental responsibility, block grant, and immigration provisions of the bill save about \$31 billion over 5 years.
- Thus, the net impact of the bill is to reduce the budget deficit by almost \$20 billion over 5 years.

COMPARISON OF REPUBLICAN PROPOSALS RELATING TO IMMIGRANTS

The CBO estimate of the House Republican Welfare Reform bill (HR. 3500) attributed savings related to the immigrant provisions of \$6.8 billion in FY 1998, and \$21.3 billion over five years (see Table 1).

Table 1
**ELIMINATE BENEFITS TO CERTAIN NON-CITIZENS IN SSI, MEDICAID,
 FOOD STAMPS, AND AFDC--HOUSE REPUBLICAN PLAN
 (billions)**

	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>5-Yr Total</u>
SSI	0.0	-1.2	-2.5	-2.7	-3.0	-9.4
Medicaid	0.0	-0.9	-2.1	-2.4	-2.7	-8.1
Food Stmp	0.0	-0.4	-0.8	-0.8	-0.8	-2.8
AFDC	0.0	-0.1	-0.3	-0.3	-0.3	-1.0
TOTAL	0.0	-2.6	-5.7	-6.2	-6.8	-21.3

The key provisions/assumptions underlying the estimates in Table 1 are--

- ▶ **Proposal would affect all current legal immigrant beneficiaries and prospective applicants--thus, those legal immigrants currently receiving benefits that would no longer be eligible under the Republican bill, would have their benefits taken away after one-year implementation period (i.e., programs have one year to notify current recipients of new provisions).**
- ▶ **The following classes of legal immigrants would be eligible for the four programs: 1) refugees; 2) former refugees whose status has been adjusted to lawfully admitted for permanent resident (LAPR, or "green card holder")-- Eligibility for this group would be limited to six years after adjustment to LAPR status; four years if LAPR status is the result of marriage to a U.S. citizen; and 3) immigrants who are LAPR or PRUCOL who are at least 75 years old and who have been lawfully admitted under such statuses for at least five years.**
- ▶ **The following classes of legal immigrants would be ineligible for the four programs: 1) most legal permanent residents, or "green card" holders; 2) parolees; 3) asylees; and 4) other permanent residents under PRUCOL (such as Cuban/Haitian entrants, diversity immigrants, dependents of legalization--or IRCA--immigrants).**

- ▶ Proposal would be enacted April 1, 1994; States would deny benefits effective April 1, 1995.
- ▶ States would continue to provide emergency Medicaid services to all non-citizens.

The Senate Republican Welfare Reform bill (S. 1795) was introduced January 25, 1994, and would affect alien eligibility for five Federal programs (AFDC, SSI, Medicaid, Food Stamps, and Unemployment Compensation). No cost estimates are currently available for this proposal, and there are ongoing analyses on the effects of the bill on immigrants. The key provisions of the Senate bill are--

- ▶ Proposal would affect all current legal immigrant beneficiaries and prospective applicants--thus, those legal immigrants currently receiving benefits would be affected by the Senate bill. Programs must notify current recipients who would be affected.
- ▶ The following classes of legal immigrants would be eligible for the five Federal programs: 1) nationals of the United States; 2) aliens lawfully admitted for permanent residence; 3) refugees; 4) asylees; 5) aliens whose deportation has been withheld under section 243(h) of the INA; or 6) parolees who have been paroled for a period of 1 year or more.
- ▶ All other classes of current legal immigrants not listed above would be ineligible for the five programs: For example, potentially dependents of legalization--or IRCA--immigrants.
- ▶ Extend sponsor-to-alien deeming from five years until the alien becomes a naturalized citizen: This provision would also change the deeming computation to count 100 percent of a sponsor's income and resources as being available to the sponsored alien. (Current deeming allows for some amount of the sponsor's income and resources to be considered available to the sponsor and the sponsor's spouse and/or children.) SSI estimates that these deeming provisions would disallow eligibility for virtually all sponsored legal aliens.
- ▶ One year limit on the receipt of benefits by all legal immigrants, after which the programs must report immigrants to the INS to be considered as "public charges", which renders an immigrant as potentially deportable: Since virtually no immigrants are deported based on the public charge provisions in the Immigration and Nationality Act, it is unclear whether the bill envisions a stronger enforcement of those provisions by the INS (a total of 12 immigrants

were deported due to public charge from 1981 through 1991). The bill does not require a denial of benefits to immigrants who receive benefits beyond the one-year period.

If this provision was enforced, another difficulty would be in determining what country refugees and asylees might be deported to, since in order to receive refugee/asylee status they have proven that they are subject to substantial persecution in their home country. INS is analyzing this provision to see whether other statutory requirements may render the one-year limit and "public charge" provision of the Senate bill meaningless in the cases of refugees/asylees.

- ▶ Proposal would be effective on the date of enactment.
- ▶ States would continue to provide emergency Medicaid services to all non-citizens.

Both the House and Senate bills would require the names, addresses, and other identifying information of all illegal alien parents of citizen children on AFDC to be reported to the INS. Both bills provide time to implement this provision--one year in the House bill; and the first day of the first fiscal year after the date of enactment in the Senate bill (although additional time may be allowed a state agency if state legislation is required).

ANALYSIS

Compared to various other options affecting the receipt of benefits by immigrants (e.g., maintaining current deeming rules, but extending the time period and grandfathering current recipients), the larger savings in the House Republican plan are due to a number of factors, including--

- ▶ The most significant difference is the "retroactive" implementation of the House Republican plan. The Republican plan would have the effect of denying benefits to millions of current recipients. Other proposals might be considered that would not throw any currently eligible immigrant recipients off the rolls. (See Table 3 for effect on beneficiaries of the House Republican plan, and a comparison with an alternative that would continue deeming until the immigrant became a naturalized citizen but would only affect applications filed after implementation date--i.e., grandfather current recipients).
- ▶ Utilizing current deeming rules does not make legal immigrants ineligible for benefits--per se--although the provisions do have the effect of keeping a number of sponsored legal immigrants off the rolls, due to the amount of income of sponsors. However, if a sponsor's income and

resources are low, the sponsored alien may be eligible for, and receive, benefits. Also, deeming does not apply to aliens who become blind or disabled after entry into the United States. In 1992, perhaps as many as 650,000-700,000 out of 975,000 immigrants admitted in that year would have had sponsors and thus be affected by extending the deeming period (although not all, not even most, of the sponsored aliens would apply for benefits when eligible after the 3 year/5 year current law).

Table 3
NUMBER OF INDIVIDUALS AFFECTED BY IMMIGRANT-RELATED PROPOSALS
IN FIRST YEAR OF IMPLEMENTATION

	<u>House Republican Plan</u> (CBO estimates)	<u>Alternative¹</u>
SSI	520,000	20,000
Medicaid	950,000	2,000
Food Stamps	900,000	112,000
AFDC	420,000	1,500
TOTAL	2,790,000	135,500

Clearly, there are significant savings that can be realized by the House Republican plan by denying benefits to 2.8 million legal immigrants, most of which are currently receiving welfare benefits. A number of issues can be raised about the Republican approach--

- ▶ To what extent does denying benefits to current recipients-- which represents a radical economic disruption for current legal immigrant families--merely displace responsibility for the basic welfare of these immigrants from the Federal to the State/local level?
- ▶ The 2.8 million affected by the Republican plan would be felt disproportionately by "high immigration" States (i.e., California, New York, Florida, Texas, Illinois, New Jersey).
- ▶ Most of the immigrant SSI recipients are elderly. Will a significant number of the 520,000 SSI recipients require institutionalization as a result of the Republican policy?

Conversely, alternative proposals would affect far fewer

¹. This alternative would extend the deeming period in SSI, AFDC, and Food Stamps to until the sponsored-immigrant attained naturalized citizenship.

individuals and achieve far less savings. However, applying the policies "prospectively" and for selected immigrants (e.g., only those immigrants who have had sponsors sign an Affidavit of Support, and whose sponsors have sufficient income and resources to provide support) runs much less risk of causing severe disruption of people's basic safety net, and will have much less of a "displacement effect" vis-a-vis the States.

Also, the savings under various alternative proposals may increase relatively substantially in the "out-years" (i.e., beyond the five-year period), but probably not until after 10 to 15 years.

Finally, the provisions in the Senate Republican bill are somewhat less draconian than the House bill. Thus, savings are likely to be less than the House bill. The assumptions used with regard to implementation of the one-year limit will be a critical factor in determining the level of savings and number of immigrants affected (i.e., whether and to what degree INS enforces deportation, and whether refugees will be deported). These analyses are currently being completed in conjunction with program staff and INS staff.



On the Reform Trail

WELFARE AS WE'LL KNOW IT

WR-GOP

On welfare as on so many other issues, the Republicans have a golden opportunity—and seem instead to be offering 'the same but less.' What hope for true welfare reform?

TOM BETHELL

National Review
February 7 '94

"Why are we so anxious to commit political suicide?"

—Rep. Jan Meyers (R., Kan.)

HAVING VOWED to end welfare as we know it, President Clinton is getting cold feet. "He's appointing people who have no interest in doing it," said Senator Daniel P. Moynihan, who told the *New York Post* that Clinton's campaign-trail manipulation of the issue had been "boob bait for Bubbas." Clinton told his first Cabinet meeting of the new year that he would probably delay action on welfare until health care passes Congress.

Welfare reform was popular with the voters, but it gives Clinton a political headache. The liberal wing of his own party is not interested in it at all. As many as 89 liberal Democrats in Congress would like to see welfare expanded. And the current beneficiaries of Democratic patronage are afraid of competition. "Public-employee unions, fearful that their members will lose jobs to welfare recipients who are forced off public assistance into community service work, are intensifying their pressure on the Clinton Administration to move slowly on welfare reform," the *Washington Post* reported in January.

Mr. Bethell, an NR contributing editor, is Washington correspondent for *The American Spectator*.

This tells us better than anything else where welfare reform is headed right now. The Democrats have wisely been holding back and letting the GOP show its hand. Sure enough, both House and Senate Republicans have come rushing forth with their very own "good government" proposals. The Senate version, promoted by Hank Brown of Colorado, would give welfare recipients the opportunity to exchange vouchers for a job that would pay them twice the combined value of their AFDC and Food Stamp benefits (which would greatly add to the incentive to get on welfare).

The centerpiece of the House proposal is, in the GOP's own language: "After receiving AFDC for two years, welfare recipients must work 35 hours per week in a private- or public-sector job." In short, the House Republicans are promising that if a private-sector job isn't available after two years on welfare, they will see to it that the public sector takes up the slack.

Working for welfare sounds reasonable at first, but upon examination it makes no sense. If people can work, they ought not to be on welfare. And if jobs must be provided for those who are on welfare in order to get them off, a government jobs program becomes inevitable. A lot of people on welfare will then be found incapable of working, so a training program will be added to the jobs program. The welfare system is converted into two

years of government checks with a job entitlement at the end of it.

This is little more than a repeat of the failed "workfare" reform of 1988. Once enacted, it turned out to be a social worker's briar patch, into which the Democrats pretended they did not want to be thrown. The welfare rolls have increased sharply since it became law.

Representative Jan Meyers pointed to the many similarities between the new plan and the unsuccessful 1988 reform. "It hasn't worked," she said. "Less than 1 per cent of the welfare population is working today. And the program has cost us \$10 billion more than expected—\$13 billion instead of \$3 billion." It was also predicted that the number of families on AFDC would not reach five million until late 1998. In fact, that milestone was reached in early 1993.

Too Hard to Explain

THE MAJOR defect of the Republican proposal is that it was worked out—primarily by GOP Conference Secretary Tom DeLay of Texas—in cooperation with Republican members of the House Ways and Means Committee who were at the time planning to run for statewide office. (These included Nancy Johnson of Connecticut, Fred Grandy of Iowa, and Rick Santorum of Pennsylvania.) Welfare reform is complex enough that

it takes ten to fifteen minutes to explain. On the stump, simply saying, "By golly, we're going to make them work!" is more easily understood, and meets with instant applause. It isn't until the federal jobs program is enacted several years later that people begin to suspect that something has gone wrong.

Jan Meyers pointed out another defect of the GOP bill. It permits, but does not require, the states to deny AFDC to mothers where paternity has not been established. This seems reasonable, because most states would presumably not want to proclaim their indifference to an issue that is gaining in national attention. "Then I found out that the provision is retrospective," Mrs. Meyers said. Because the Republicans wanted to save money, the provision would affect not just those applying for welfare but those already on it. But those who have been on welfare for, say, ten years can reasonably argue that they don't know who or where the father of their child is. In trying to economize unwisely, then, the drafters have made the provision so draconian that it would probably cause most states to reject it.

Representative Meyers has herself introduced a welfare-reform bill which would freeze AFDC outlays at 1993 levels and return the money to the states in the form of block grants. States would be permitted to set their own rules, and all current federal rules and regulations would cease to apply. The use of federal funds to pay benefits would be prohibited when paternity has not been established or when either parent is under 18. When the House GOP caucus met in November, Mrs. Meyers recalls, about 80 (out of 176) showed up; about 40 voted for Tom DeLay's proposal, about 20 for Mrs. Meyers's, and about 20 seemed uncommitted or unsure. So the DeLay plan was adopted.

Why So Fast?

WHY ARE we moving so quickly on welfare reform?" Mrs. Meyers asked fellow Republican congressmen in a "Dear Colleagues" open letter. "The rationale is that we must move quickly to 'position' the Republicans out in front of President Clinton. But in this instance, this is bad policy and bad politics. Is the goal to dramatize

the difference between the parties, or to create a foundation upon which we can create a bipartisan bill? The Republican Welfare Task Force approach lays the groundwork for rolling the Republicans and handing the President this important legislative issue. Why are we so anxious to commit political suicide?"

The Republicans do not understand that they have already won by default on the crucial issue of welfare if the Democrats fail to achieve the radical overhaul that President Clinton seemed to promise. Leaks from the Administration's welfare task force make it clear that the Democrats too have in mind a disguised jobs program—a "warmed-over CETA," said welfare critic Charles Murray, referring to Jimmy Carter's employment and training act. So it must have been a great relief for them when they saw the Republicans entering the legislative arena with a modified version of their own proposal.

It's true that the Republicans also include some good things, such as cutting off welfare to illegal aliens and giving the states more discretion. But consider how this may play out if the 1988 scenario is followed. Democrats will label the Republican ideas as "right wing," "slaveware," and so on. But growing political pressure for something that can be called welfare

reform could produce, late in the session, an ostensible Democratic conversion to "conservative" ideas.

With ostentatious reluctance, Democrats might well at that point embrace the Republican jobs program in exchange for the privilege of riddling it with even more loopholes. The word bipartisan would be much in the headlines, GOP stalwarts would surround Clinton and accept pens at the signing ceremony, and welfare would have been "reformed" (covertly expanded). The social workers' celebratory parties would be held offstage, and it would take two years for the news media (and the average voter) to figure out what happened.

It doesn't have to be that way, and it may not. "I think as time goes along the Republicans are going to re-examine this," said Mrs. Meyers.

"Right now the situation is fluid," said Charles Murray. But he is concerned about congressional mishaps. "You try to increase the incentive to get out of welfare, and you can inadvertently increase the incentive to get into it," he said. It happened before, "and, by God, if we're not careful we're going to do it again." The underlying problem, Murray added, is that "country-club Republicans don't want to be accused of being nasty." Liberals have accusation privileges, and Republicans know it. And fear it. □

HISTORY'S SOLUTIONS

MARVIN OLASKY

RECIPIENTS of relief "lose their energy and self-respect." Government aid creates "a dependent feeling, a dry rot." Many of the poor are "worse off than if they had never been helped."

Those comments could have been made at a recent conference on welfare, but they all come from the 1870s. Although Americans were not then hooked on the state, the expansion of government during and after the Civil War was ominous. In 1873 one of every ten people in Brooklyn took weekly rations from public storehouses. Other cities were not far behind.

Critics of governmental welfare realized they had to move quickly, before the new programs sank deep bureaucratic roots. Aided by journalists committed to reporting reality, the critics embarked on a program to educate the public about funds wasted through promiscuous distribution to alcoholics and addicts, and also publicized instances of "compassion" properly understood—suffering with and challenging those in distress.

Those efforts were successful. Reformers in large cities managed to abolish indiscriminate relief, and able-bodied men returned to the market-

place; an abundance of warm-hearted but hard-headed charities dealt with special cases. Then as now, the thorniest issue was how to help children already or potentially on the streets, and their young unmarried mothers. The solutions these reforms came up with forestalled an epidemic of illegitimacy and saved thousands of children from misery.

Today, after thirty years of social "reform," the epidemic is upon us. Liberal scholars complain of the "feminization of poverty," but they do not acknowledge the triple-A causative factors: a decline in adoption, an increase in adultery, and an AFDC system that emphasizes the pseudo-independence of deeply dependent young women. Americans concerned about poverty a

need for political change, since high rents made necessary by high taxes forced families into small apartments: "A cheap and honest government . . . would at once lower taxation and bring down rents." But he also saw "how superficial and comparatively useless" was change that "does not touch habits of life and the inner forces which form character."

Brace first tried direct material distribution to those in evident need. But he soon learned that "if you put a comfortable coat on the first idle and ragged lad who applies," the next day fifty who are not in need will show up "to get jackets for nothing." Nor did Brace believe that massive shelters were helpful. "Asylum-life is not the best training for outcast children," he

designed to get children off the streets and begin the process of civilizing them. His real goal was to find adoptive homes in the countryside for city children, to get them under the combination of love and discipline that parents can provide. In the late 1870s Brace's New York Children's Aid Society placed close to four thousand children per year in farm families throughout the country.

Citizens' committees that took responsibility for the placing of children realized the dangers of abuse, so they turned down applicants with a reputation for mistreating help. Their main goal, though, was to place children quickly, so they were willing to take some calculated risks. The children also were no angels, and studies showed 1 to 5 per cent committing crimes in their new communities. But the studies also showed most placements working well. As one inspector reported, "Wherever we went we found the children . . . treated as well as any other children. Some whom we had seen once in the most extreme misery, we beheld sitting, clothed and clean . . . and gaining a good name for themselves."

The motivations of families that welcomed the children were of two kinds. Children aged seven to seventeen were expected to work part-time, so farmers had an economic incentive. Brace also stressed the theological incentive: "We cannot look upon this great multitude of unhappy, deserted, and degraded boys and girls without . . . bearing in mind that One died for them, even as for the children of the rich and happy." When an "orphan train" was coming to town, ministers preached sermons challenging "those who practically believe in Christ's words and teachings to aid us in this effort." Had either motivation been missing, placement of older children would have been slow.

As it was, the work of Brace and others had a terrific anti-poverty effect. Hundreds of placed children became merchants, bankers, and businessmen. Thousands became successful farmers. At least three became governors. One college student wrote to Brace about how he had been "a vagrant, roaming over all parts of the city. I would often pick up a meal at the markets or at the docks, where they were unloading fruit. At a late hour in the night I would find a rest-



century ago not only saw cause and effect more clearly but also came up with programs that worked. They can work again, even in the face of a more extensive social breakdown.

Practical Compassion

THE nineteenth century's most effective helper of children on the streets was Charles Brace, a Yale graduate who settled in New York City and was at first shocked by "centers of crime and misery . . . where the little girls who flitted about with baskets and wrapped in old shawls became familiar with vice before they were out of childhood." Brace saw the

wrote. "The child, most of all, needs individual care and sympathy. In an Asylum, he is 'Letter B, of Class 3,' or 'No. 2, of Cell 426.'"

Part of Brace's solution was to set up six small lodging houses for abandoned children that would provide not only beds but classes in reading and industrial arts, along with Bible lessons. Instead of handing out aid that would soon be seen as an entitlement, Brace gave "rewards for good conduct, punctuality, and industry." Once they came to know the children, housekeepers could relieve cases of dire want with less likelihood of deception and without harm to the character-building process.

Newspapers praised Brace's lodging houses, and soon others were setting up similar institutions. But Brace saw the lodging houses as transitional de-

Mr. Olasky is a professor at the University of Texas at Austin and the author of The Tragedy of American Compassion.

ing place in some box." Then he was placed on a farm in Indiana, where "care was taken that I should be occupied." He was sent to school, given books to read in the evening, and eventually sent to Yale. "To be taken from the gutters of New York City and placed in a college," he wrote, "is almost a miracle."

Other children did not have such promising futures. One woman who had accepted a mentally deficient child wrote to Brace one year later, "I am often asked by my friends, who think the child is little more than half-witted, why I do not 'send her back—and get a better one.' My answer is, that she is just the one who needs the care."

Women and Poverty

AND WHAT of the children not abandoned, but born under harsh circumstances to young unmarried mothers? The numbers were not staggering as they are now, but the individual stories in the records of a typical charitable society a century ago were just as sad:

—"This girl met the alleged father of her child, a young man of 19, at the home of a friend. . . . She had intercourse with him [and] believed him when he promised to marry her if she became pregnant. Instead of doing this, he deserted her as soon as he learned of her condition."

—"This girl had known the father of her child, a young machinist of 25 . . . and had associated with him for three months before allowing him to be sexually intimate with her. . . . He deserted her when he learned of her condition."

—"She knew the father three years and had relations with him in the woods for a year and a half before the birth of her child. This girl said, 'When I was 13 there came to me an awful longing for someone to love me and kiss me at night. I thought it was a mother's love I wanted, but when this man talked to me I thought that was what I wanted.'"

It was understood then that containing poverty meant containing extramarital sex, so that there would be fewer children brought up by unmarried mothers. After the Civil War organizations such as the White Cross Society began calling on young men to "treat the law of purity as equally

binding on men and women." Tens of thousands of women and men signed pledges promising chastity, and many abided by them.

Alongside the formation of pledge societies came the amplification of law, with the goal of protecting the young and preventing illegitimacy. By the 1920s almost all states specified an "age of consent" of 18 or at least 16; a man who had intercourse with a girl under that age could be charged with statutory rape. Nearly all states had statutes saying that a man who "obtained access" to a woman "of chaste character or repute" by promising to marry her, and who then failed to do so, could be imprisoned for one to ten years. Most states provided that if the accused married the woman before judgment was passed, legal action was ended; in some cases prosecution was merely suspended and could be revived if the husband deserted his wife within a specified time, usually three to five years.

What happened when, despite warnings and laws, illegitimate children were conceived? Some women had illegal abortions, but most carried their children to term.

The new single mother then had a vital decision to make: she could hold onto her baby and probably condemn both the child and herself to a life of material poverty and fatherless/husbandless deprivation, or she could place the baby for adoption. Crisis-pregnancy centers like the Heartsease Home in New York City recommended that children be "adopted into families where they will have the love and care to which they are entitled." The women who run Heartsease, mothers themselves, understood the heartbreak that young mothers placing children for adoption would feel—but they emphasized the needs of the child.

When a young mother did decide to live as a single parent, they tried to make sure that she would live under the guidance of either her own mother or a matronly woman in charge of a group home. Churches and other anti-poverty organizations had job placement, training, and informal mentor programs for young women, but they never helped them to live alone.

The texture of life in group homes varied widely, but they shared an emphasis on honesty rather than on the promotion of unrealistic self-esteem. The decidedly non-euphemistic Erring

Woman's Refuge was such a home in Chicago. Young mothers there did not head out on their own with their newborns; a woman who did not choose adoption was required to stay for at least one year. During that time she would learn the reality of caring for a baby—tears, bowel movements, and all—and see whether she could handle it. If not, she would have the opportunity to turn him over to parents who could, before the child became older and harder to place.

Crucially, this time would be spent in the safe environment of a group home, not in the dangerous terrain of a solitary apartment filled with the sounds of a crying child, where a tired mother might respond in anger.

Updating Old Lessons

WHAT relevance do these tales of old have for today? At a conference held recently at the Claremont Institute, talk of useful innovations flew through the air: Establish boarding schools to get kids off the streets. Encourage adoption. Promote abstinence among teenagers. Set up group homes for single mothers, with support payments going to the homes rather than to the individuals.

Many of these good new ideas for the 1990s were the common fare of the 1890s. We do not need tests of whether such approaches can work; we know that they can, because they did. But we do need to find ways to apply these old lessons in a new economic and moral context, if we are to reverse the decline of adoption, the rise in adultery, and the misdirection of AFDC.

Even social scientists on the Left have had to conclude that children do better physically and psychologically with a father and a mother, adoptive or biological, than with only a mother. But that realization has rarely been followed by public policies promoting adoption. Charles Brace took into account the economic motivations of farmers hoping to do well while they also did good; the economic motivation is gone today with mechanized farming; and poor urban families cannot afford to adopt children.

The historical application here is clear: give tax credits to fathers and mothers who adopt hard-to-place children. Savings in AFDC payments will more than pay for such a program. As

economic barriers to adoption are lowered, bureaucratic and social barriers must also fall. Ministers who understand that God adopts us will have to preach this practical application. And, for older children who are not adopted, some of the billions of dollars now used to chain them to poverty can be used to build boarding schools that will provide fresh opportunities.

As to the increase in sexual activity outside of marriage, a century ago, moral concerns were sufficient to compel action, but we are now roped in by relativism, so the argument needs to be made in economic terms: The United States simply cannot afford an increase in illegitimacy. The War on Poverty was lost not only because of the inherent inefficiency of government programs, but because it coincided with a War on Sexual Restraint.

Gun Control

WAIT A MINUTE

The Brady law probably won't reduce crime—but that doesn't mean it will be ineffectual.

JACOB SULLUM

ON APRIL 23, Colin Ferguson visited a Turner's Outdoorsman store in Signal Hill, California. He picked out a Ruger P-89 and completed a purchase form, presenting a California driver's license. He was told he could pick up the 9-mm pistol in 16 days, 15 required by the state and 1 added by the store. During that time the California Department of Justice checked state and federal data bases for a disqualifying criminal record. It also checked whether Ferguson had been involuntarily committed to a mental hospital in California. He cleared both hurdles and picked up his gun on May 9.

Seven months later, on the evening of December 7, Ferguson took a ride on the 5:33 train from Manhattan to Hicksville, Long Island. At about 6:10

Mr. Sullum is managing editor of Reason.

The best anti-poverty news of 1993 was the surge in abstinence programs such as True Love Waits, and the increasing seriousness with which even the public school establishment takes them. For poverty to decrease, chastity must become an honorable word once more, and statutory rape a feared charge.

Finally, it is now clear that AFDC must go—and the historical lesson is that it can go. Young mothers a century ago could not expect to live on their own with a governmental subsidy, and their children were better off because of that pressure. The numbers today make the task harder, but giving in is no solution.

The last defense of today's backers of AFDC is that cutbacks hurt innocent children. The historical lesson is that welfare sentimentality hurts them far more. □

pleted background check, while the Brady law merely asks states to make a "reasonable effort to ascertain" whether the buyer is qualified.

Yet California's waiting period did not stop Colin Ferguson. To Glenn Links, co-owner of the store where Ferguson bought his gun, the lesson is obvious: "It proves that the waiting period is a joke, the Brady Bill is a joke," he told the *New York Times*.

The Real Agenda

LOOK AT the track record of waiting periods shows that Links is essentially right: they are not effective at stopping criminals, whether lunatics like Ferguson or the garden-variety thugs who represent a greater everyday threat. Still, it is a mistake to dismiss the Brady law as a joke. Gun-control activists would not have invested so much time, energy, and money in getting it passed if they thought it would accomplish nothing. As the much-heralded "first step" on their agenda, the federal waiting period won't take a bite out of crime, but it will gnaw away at the right to keep and bear arms.

California, which has the nation's strictest waiting period, turns down about 1 per cent of the gun-purchase applications it receives each year. States whose laws more closely resemble the Brady law have even lower rejection rates. Indiana, for example, turned down about 0.06 per cent of applicants in 1990.

The federal waiting period looks even less promising as a means of actually thwarting crime, as opposed to generating rejection statistics. A background check can stop a crazy gunman only if he has already done something to distinguish himself. Unfortunately, mass murderers and assassins commonly stay out of both serious trouble and mental hospitals for many years before they commit the crimes that make them famous. And they often display a single-minded determination that would frustrate any "cooling-off" period. The list of criminals who were unfazed by waiting periods and background checks includes Patrick Edward Purdy, who killed five children at a Stockton, California, elementary school in 1989; James E. Pough, who killed eight people at a Jacksonville, Florida, loan office in 1990; and Gian Luigi Ferri, who killed eight people in

November 10, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: House Republican Welfare Reform Plan

Today, House Republicans will hold a press conference to announce their welfare reform plan, which is based on your campaign pledge to require welfare recipients to work after 2 years. A summary is attached.

I. Elements of the Plan

The Republican plan includes the following major provisions:

1. Work: Requires AFDC recipients to work at the end of two years. Provides \$10 billion over 5 years to states to set up CWEP work programs. Phased in over 10 years, starting with 30% of new applicants in 1995. Gives states the option to drop recipients after 3 years in the work program (and a total of 5 years on AFDC). Also requires fathers of children on AFDC to pay child support or take part in a work program.

2. Parental Responsibility: Requires mothers to identify the father in order to qualify for welfare benefits. Requires teen mothers to live at home. Prohibits additional benefits for additional children born while on welfare. Includes other incentives for school attendance, immunization, parenting classes.

3. How to Pay for It: The Republicans raise about \$10 billion by eliminating SSI and other welfare benefits (except emergency Medicaid) for most non-citizens. They raise another \$20+ billion by capping entitlement programs (EITC, AFDC, SSI, Section 8 housing, Food Stamps) at inflation plus 2% -- and by cutting all food and nutrition programs (Food Stamps, WIC, etc.) by 5% and block granting the money to the states. These measures allow them to spend \$2 billion on training and \$10 billion on work programs, and still claim \$21 billion in deficit reduction over 5 years.

II. Pros and Cons

We intend to welcome the Republicans' contribution to the debate, applaud their emphasis on work, responsibility, and your two-year time limit, and pledge a bipartisan effort to pass a welfare reform plan.

If asked, we will express some concerns about the entitlement cap -- it's ridiculous to cap a powerful work incentive like the EITC -- and the across-the-board cut in nutrition programs. We expect the NGA and even some Republican governors to criticize this apparent effort to shift the burden of welfare spending onto the states. We think it's unrealistic to claim that welfare reform can lead to massive deficit reduction in the short run. The Republican plan also doesn't do as much as it could to improve child support collection, or to provide employment and training services to support people in work.

But there is much in the Republican plan that we can work with. We are considering recommending many of the same parental responsibility measures for our own plan, such as requiring mothers to name the father in order to qualify for benefits and no longer giving welfare benefits to teenagers who want to live on their own. The Republican work program is a serious, \$10 billion effort to provide community service jobs -- and they phase in the program at a reasonable pace.

In fact, if they dropped the entitlement cap and block grant provisions, the Republicans would still have a revenue-neutral plan that invests \$12 billion over 5 years -- which is not a bad starting point for the debate.

The Administration's welfare reform working group has just completed a series of regional hearings in California, Tennessee, Chicago, and New Jersey. We will be presenting a series of options to you next month for consideration in the FY95 budget, and develop legislation for introduction early next year.

**SUMMARY OF WELFARE REFORM LEGISLATION
SPONSORED BY HOUSE REPUBLICANS
Fall, 1993**

I. ATTACKS THE TWO FUNDAMENTAL CAUSES OF WELFARE

CAUSE 1: NONWORK

- Less than 10% of welfare mothers work
- Although many mothers leave welfare within 2 years, many stay for 8 years or more; today there are more than 3 million mothers on AFDC who will remain on welfare during 8 years or more

THE SOLUTION: MANDATORY WORK

- When fully implemented, the Republican bill requires 63% of mothers who have been on AFDC for at least 2 years to work 35 hours per week for their benefits; mothers do not lose their benefits if they work in community or private sector jobs arranged by the state
- Mothers must use the first 2 years on AFDC (less at state option) to participate in education, training, work experience, and job search to prepare for a position in the private economy; if they do not find a job within that 2 years, they must participate in a community work job in order to continue receiving welfare benefits
- Provides states with an additional \$10 billion to provide welfare mothers with employment services, including day care
- One adult in two-parent families on welfare must work 32 hours per week and search for a job 8 hours per week starting the first day they receive welfare
- Mothers applying for welfare must participate in a job search program while their application is being processed
- Fathers of children on welfare who do not pay child support must also participate in work programs
- Mothers who refuse to work have their benefits reduced and then terminated; states failing to ensure that parents work suffer serious financial penalties

CAUSE 2: ILLEGITIMACY

- Illegitimacy has risen wildly in recent years; now 2 of every 3 black children and 1 of every 5 white children are born out of wedlock -- and the rates are still rising
- Of illegitimate babies born to teen mothers, a shocking 80% will be on welfare within 5 years
- Teen mothers are the most likely to stay on welfare for many years without working
- Most of the increase in poverty and welfare in recent years is caused, not by a poor economy or reduced government spending (both are up), but by increased illegitimacy

THE SOLUTION: ESTABLISH PATERNITY, RESTRICT WELFARE, CRACK DOWN ON DEADBEAT DADS

- All mothers applying for welfare must identify the father or they will not receive benefits
- After identifying the father, mothers receive a reduced benefit until paternity is legally established
- Mothers who are minors must live at their parent's home, thus preventing them from using an illegitimate birth to establish their own household
- States must increase their paternity establishment rates, over a period of years, to 90% or suffer stiff penalties
- States are required to stop increasing welfare checks when families on welfare have additional children; states can avoid this requirement only if they pass a law exempting themselves
- States are required to stop paying welfare benefits to parents under 18 years of age; states can avoid this requirement only if they pass a law exempting themselves
- Deadbeat dads with children on welfare are required to pay child support or work

(OVER)

II. SLASHES WELFARE FOR NONCITIZENS

THE PROBLEM: TOO MUCH WELFARE FOR TOO MANY IMMIGRANTS

- Hundreds of thousands of noncitizens are added to the nation's welfare programs each year
- A recent study by the Social Security Administration shows that more than 11% of all recipients and 20% of elderly recipients of Supplemental Security Income are noncitizens
- Noncitizens also qualify for Aid to Families with Dependent Children, Food Stamps, Medicaid, housing, and other welfare benefits

THE SOLUTION: STOP WELFARE FOR NONCITIZENS

- Simply end welfare for most noncitizens
- Allow refugees to receive welfare for only a fixed number of years unless they become citizens
- Allow noncitizens over 75 to receive welfare
- Continue the benefits of current noncitizens receiving welfare for 1 year

III. EMPHASIZES PARENTAL RESPONSIBILITY

- Requires mothers who are minors to live at their parent's home
- Requires states, in most cases, to stop welfare payments to unmarried parents under age 18
- Requires states to terminate the cash welfare benefits of families that do not have their preschool children immunized
- Encourage states to reduce the cash welfare benefit of families that do not assure that their children attend school regularly
- Allows states to require AFDC parents to participate in parenting classes and classes on money management
- Allows states to discourage parents from moving to a new school district during the school year

IV. ATTACKS SEVERAL ADDITIONAL WELFARE PROBLEMS

- Requires adults applying for welfare to engage in job search before their benefits start
- Requires addicted recipients of welfare to participate in treatment programs or lose their benefits
- Converts 10 major food programs into a block grant that provides states with almost complete discretion over spending; funding for the programs is reduced by 5%
- Caps spending on Supplemental Security Income, Aid to Families with Dependent Children, Food Stamps, Public and Section 8 Housing, and the Earned Income Tax Credit to inflation plus 2% per year
- Provides states with much greater control over means-tested programs so they can coordinate and streamline welfare spending
- Encourages states to provide financial incentives to induce mothers on welfare to work and marry
- Allows states to let welfare recipients accumulate assets to start a business, buy a home, or attend college
- Allows states and local housing authorities to use more generous income disregard rules to promote work incentives
- Requires addicted recipients of Supplemental Security Income benefits to submit to drug testing; ends SSI benefits for those testing positive for illegal drugs

V. ACCOMPLISHES ALL THE ABOVE IN A BILL THAT REDUCES THE DEFICIT BY \$20 BILLION OVER 5 YEARS

- The training and mandatory work provisions of the bill cost nearly \$12 billion over 5 years
- The paternity establishment, job search, parental responsibility, block grant, and immigration provisions of the bill save about \$31 billion over 5 years.
- Thus, the net impact of the bill is to reduce the budget deficit by almost \$20 billion over 5 years.

Charge to the Working Group on Welfare Reform, Family Support and Independence

"It's time to honor and reward people who work hard and play by the rules. That means ending welfare as we know it -- not by punishing the poor or preaching to them, but by empowering Americans to take care of their children and improve their lives. No one who works full-time and has children at home should be poor anymore. No one who can work should be able to stay on welfare forever."

**-- President Bill Clinton
Putting People First**

President Clinton has charged the Working Group to develop a proposal to "end welfare as we know it." The Working Group is guided by four principles underlying the President's vision for reform:

Make Work Pay -- People who work should not be poor. They should get the support they need to ensure that they can work and adequately support their families. The economic support system must provide incentives that encourage families to work and not stay on welfare.

Dramatically Improve Child Support Enforcement -- Both parents have a responsibility to support their children. One parent should not have to do the work of two. Only one-third of single parents currently receive any court-ordered child support. The system for identifying fathers and ensuring that their children receive the support they deserve must be strengthened.

Provide Education, Training, and Other Services to Help People Get Off and Stay Off Welfare -- People should have access to the basic education and training they need to get and hold onto a job. Existing programs encouraged by the Family Support Act of 1988 need to be expanded, improved and better coordinated.

Two Year Time Limit -- With the first three steps in place, cash assistance can be made truly transitional. Those who are healthy and able to work will be expected to move off welfare within two years, and those who cannot find jobs should be provided with work and expected to support their families.

Based on these core principles, the Working Group will be developing a detailed proposal that will not simply change the welfare system but will ultimately provide a genuine alternative to it.

DRAFT

Bruce Reed:

I'm pleased that the Republicans in the House of Representatives have entered the debate, and hope that this is a signal of their desire to work with the President on a bipartisan basis. Although we have not had the opportunity to review their plan in detail, it seems to offer some interesting ideas. As the Working Group on Welfare Reform continues our efforts, we will certainly be examining their suggestions.

David Ellwood:

I'm pleased that this plan's cosponsors have begun looking at the challenging question of welfare reform. President Clinton's charge to the Working Group on Welfare Reform was to remake welfare in adherence to four principles: work, family, independence and responsibility. We're continuing to work toward fulfilling that pledge, and will be looking at a number of models for reform.



Questions and Answers
Response to Republican Plan

DRAFT

Q: What is the Administration's reaction to the plan introduced today by House Republicans?

A: As you know, the Administration is in the midst of putting together a welfare reform plan to implement the President's commitment to end welfare as we know it. We are getting a lot of input and suggestions in the development of the plan from members of Congress, state and local officials, interested advocacy organizations, welfare recipients, and members of the general public. We will certainly look at this plan closely as we move ahead this fall.

Q: Do you think this plan bears any resemblance to what you will be proposing?

A: We need to take a close look at the plan before we can answer any questions like that. Bear in mind that there are a number of alternatives out there: several states and cities have demonstration programs of their own, many nonprofit organizations are helping recipients move from welfare to work, and a number of institutions have done interesting and important studies. What we hope to do is to review all of these possibilities for reform and come up with a model that is the best possible way to help low-income families take control of their own lives.

Q: Do you think you will be able to work with the Republicans to create a bipartisan consensus in light of this plan?

A: We are optimistic that we will be able to gather support from members on both sides of the aisle for a plan that promotes the basic values the President has put forward: work, family, opportunity and responsibility.

Q: How do you react to such suggestions as family caps, an end to benefits for immigrants, or mandatory paternity establishment?

A: The Working Group has not reached any conclusions or presented any options to the President on any specific aspects of the plan. It will be a while before we will be able to comment specifically on any such proposals.

The waiver request was received on (date) and is currently under review.

Welfare reform is a Clinton Administration priority. HHS is deeply involved in this effort; two of the three co-chairs are HHS Assistant Secretaries. The effort to "end welfare as we know it" is ongoing. The working group is continuing to gather information and viewpoints from all interested parties, including welfare recipients. In fact, just last week the working group held its fourth hearing in Sacramento. A fifth is scheduled for Memphis in early November.

After those hearings are complete, the working group will begin to prepare recommendations for the President. We expect those recommendations will be made this year. While no final decisions have been made, it is clear that the proposal will make work pay, dramatically improve child support enforcement, provide education and training, and include a two-year time limit for welfare recipients who are healthy and able to work. Those who cannot find jobs should be provided with work.

The working group's recommendations will be made in consultation with members of Congress, welfare recipients, state and local policy makers, program administrators, and others.

In the interim, HHS is continuing to review waiver requests which affect AFDC and Medicaid recipients under the parameters of current law. HHS is committed to fulfilling President Clinton's mandate to make the current waiver process faster and simpler for states. The goal of HHS's waiver review process is to give states more flexibility in their management of joint federal-state programs while maintaining the existing commitment to provide quality services to HHS beneficiaries.

Since January 20, a number of welfare demonstrations have been approved, including Wyoming on September 7; Iowa on August 13; and Vermont on April 12.

IMPORTANT NOTE:

Secretary Shalala has recused herself from the Wisconsin waiver issue.

IF ASKED:

Current legislation limits waiver approvals to projects which are legitimate, budget-neutral experiments that are limited in duration; include meaningful evaluations; and have real potential for providing useful information with larger policy value. The Administration and HHS do reserve the right to assess the likely impact of a proposed project on quality, cost, access, and potential for success.

WR - Repub
7.1.10

Outline of Tentative Republican
Welfare Reform Bill
July 27, 1993

Outline of Bill

- Title I: AFDC Transition and Work Program
- Title II: Paternity Establishment
- Title III: Expanded Statutory Flexibility for States
- Title IV: Expansion of State Waiver Authority
- Title V: Child Support Enforcement
- Title VI: Welfare Restrictions for Aliens
- Title VII: Miscellaneous Provisions

Title I: AFDC Transition and Work Program

A. AFDC Transition Program (first 2 years on AFDC)

1. Program outline. At the time of AFDC enrollment, families are referred to the AFDC Transition Program in which they are expected to work or prepare for work:
 - a. at state option, participation in the AFDC Transition Program can begin after 1 year for some or all recipient families defined as job ready by states;
 - b. recipients and the welfare agency create a written plan describing what each must do so the parent can prepare for work; the written plan must include the statement that after 2 years (or less at state option) parents who have not secured paid employment must work in exchange for their AFDC benefit;
 - c. at the end of the first year in the transition program, an assessment is made by states to determine whether the recipient has made "clear and substantial progress" toward preparing for work (this requirement is waived if the state has elected to hold the recipient out of the transition program for 1 year);
 - d. states, in consultation with the Secretary, establish the guidelines by which "clear and substantial effort" is defined; states can set their own guidelines within the following framework:
 - 1) the general rule, to which education is an exception (see below), is that families must participate at least 520 hours per year, although states have flexibility in how the 520 hours is achieved (e.g., 100% time for 3 months, 50% time for 6 months, or 25% time for 12 months fulfills the requirement);

th
e
m
n

Post-It™ brand fax transmittal memo 7671 # of pages 1

To <u>Kathi Way</u>	From <u>Missy Shaffer</u>
Co.	Co.
Dept.	Phone #
	Fax #

- 2 -

- 2) within 12 months of enactment, the Secretary must publish rules about how education hours are counted; the guiding principle should be that meeting whatever a given educational institution (including certified professional training schools and certified degree-granting programs) considers full-time enrollment, and maintaining at least minimum passing evaluations, counts as participation;
 - 3) in two-parent families, at least one parent must meet participation requirements; states have the option of requiring participation by both parents;
 - 4) parents can use the 6-month birth exemption (see below) only one time; if a subsequent child is born while the parents are on AFDC, only the 4-month exemption is in effect;
 - e. all the programs authorized in section 482(d) of the Social Security Act (education, job skills, job readiness, job development and placement, group and individual job search, on-the-job training, work supplementation, community work experience) count as participation under the AFDC Transition program.
2. Sanctions. Participants who fail to meet the criteria for participation are sanctioned as follows:
- a. for the first offense, the combined value of the family's AFDC benefit and Food Stamp benefit is reduced by 25% until the parent complies and at least 3 months have elapsed; if 3 months elapse and the recipient has not complied, then the recipient is deemed to have started the second offense period;
 - b. the sanction for the second offense is similar to the first except that in addition to complying with the criteria, at least 6 months must elapse before benefits are restored; if the recipient has not complied within 3 months, then the recipient is deemed to have entered the third offense period;
 - c. for the third offense, the family is dropped from AFDC altogether;
 - d. when families are dropped from AFDC, they retain Medicaid, Food Stamps, housing, and any other benefit for which they are otherwise eligible.

- 3 -

1. Exemptions

- a. incapacitated, as currently defined in regulations (not including drug and alcohol offenders);
- b. at state option, those enrolled in drug and alcohol abuse programs (with a 12-month limitation);
- c. during a 6-month period in which a recipient gives birth to the first child born after the recipient participates in AFDC (divided as the recipient selects between the pre-natal and post-natal periods);
- d. during a 4-month period in which a recipient gives birth to the second or subsequent child born after the recipient participates in AFDC (divided as the recipient selects between the pre-natal and post-natal periods);
- e. during a 2-month period following the return home of a child who had been removed from the home;
- f. providing full-time care of a disabled dependent.

④ Participation Requirements

- a. participation standards are computed separately for the Transition Program and the Work Program;
- b. new participation standards apply to applicants beginning in 1996; the standard for 1996 is 30 percent; the standard for 1997 is 40 percent;
- c. beginning in 1998, participation standards apply to the entire caseload (not just applicants); the standard in the Transition Program is 50 percent in 1998, 60 percent in 1999, 70 percent in 2000, 80 percent in 2001, and 90 percent in 2002;
- d. to the extent possible, states are encouraged to fulfill their participation standards by focusing their efforts on mothers with older children.

- B. AFDC Work Program. If parents have not found a job after two years, they must participate in a work program established by the state.

1. Program Outline

- a. Most states now conduct a Community Work Experience Program (CWEP) in which parents work, usually in a public sector job, for the number of hours equal to their AFDC benefit divided by the minimum wage; the current CWEP hours requirement is rewritten to mandate that recipients work for 35 hours per week;
- b. states can also require participation in the Work Supplementation program in which the AFDC benefit is used to subsidize a private sector job;

- 4 -

- c. reforms to the Work Supplementation program include:
- 1) elimination of the requirement that all jobs must be new jobs;
 - 2) creation of new financial incentives for states to use the program:
 - recipients participating in the Work Supplementation program must be paid a salary at least equal to their AFDC plus food stamp benefits;
 - states can negotiate arrangements with employers to pay enough of the salary that some part of the value of the AFDC benefit will not be required to reach the AFDC plus Food Stamp minimum; in these cases, states can continue to request the federal share of the AFDC benefit as if the entire benefit were still being paid by state funds (this provision has the effect of allowing states to keep the entire amount by which the employer-provided salary "buys out" the AFDC benefit);
 - d. states can create a new work program, subject to approval by the Secretary, that combines features of CWEP and Work Supplementation or uses entirely new approaches developed by the state;
 - e. after 3 years of participation in the work program (and a total of 5 years on AFDC), states have the option of dropping recipients from the AFDC rolls; they would continue to be eligible for Medicaid, food stamps, and other benefits.
2. Sanctions. Same as above
3. Exemptions. Same as above
4. Participation requirements
- a. in 1996 when the work program for applicants phases in, states must include at least 30 percent of the nonexempt caseload in their Work Programs;
 - b. the participation standard for new applicants then increases to 40 percent in 1997, 50 percent in 1998, and 60 percent in 1999;
 - c. beginning in 2000, participation standards apply to the entire caseload (rather than just applicants); the standards are 70 percent in 2000, 80 percent in 2001, and 90 percent in 2002;

- 5 -

- d. the denominator for this calculation for each fiscal year is the number of nonexempt participants who have been on AFDC for at least 2 years on the first day of the fiscal year.
- C. Work Program for Two-Parent Families. At least one parent in two-parent families on AFDC must be required to work 32 hours per week and engage in job search for 8 hours per week. States are required to pay the combined AFDC-Food Stamp benefit in cash and only after the completion of the work requirement for any given period. If the work requirement has been only partially met, states must proportionately adjust the AFDC-Food Stamp payment level. All states can exercise the 6-month option in designing their AFDC two-parent program (current law prohibits about half the states from using the 6-month option).
- D. Work Program for Fathers. Fathers of children on AFDC must either pay child support or participate in a work program:
1. Fathers who are the equivalent of 2 months in arrears on their child support, unless they have a court-approved plan for repayment, must participate in this program.
 2. States can design their own programs, but their program must include at least the following three elements:
 - a. initial contact with the father must include a letter that informs him he must pay child support, that he should contact the child support office, and that he is subject to fines and penalties if he does not cooperate;
 - b. if the father does not pay child support within 30 days, then he must be enrolled in a job search program for between 2 and 4 weeks;
 - c. if the father still does not pay child support within another 30 days, he must be enrolled in a work program for at least 35 hours per week (30 hours if the program also requires job search).
 3. The work program participation standards outlined above apply to the work program for fathers; the denominator for calculations is the number of fathers with children on AFDC who do not pay child support.
 4. Only incapacitated fathers are exempt.

✓
Title II: Paternity Establishment

- A. If the paternity of any dependent named on an AFDC application has not been legally established, the mother must provide the name of the father or fathers to AFDC

- 6 -

officials as part of the application process:

1. if the mother does not provide a name, her family is not eligible for AFDC benefits for that child; if there is only one child, then the family will be denied all AFDC benefits
 2. if the mother is not certain who the father is, she must name all the men she thinks could be the father
 3. in the case of families with one child, once the mother has provided the father's name, the family is eligible for an AFDC cash benefit for a 1-person family
 4. in the case of families that have at least one child for whom paternity has been established and at least one child for whom paternity has not been established, the family will receive an AFDC benefit equal to the size of family that includes only the child or children for whom paternity has been established
- B. After giving the father's name, the mother must cooperate with the state child support enforcement agency to establish paternity:
1. once paternity is legally established, the family is eligible for the full AFDC benefit for a family of that size
 2. if the child support agency finds that the man named by the mother is not the father, the mother and children are dropped from the rolls until paternity is established
 3. in the case of a family with more than one child at least one of which has paternity established, a false name will still result in the entire family being dropped from the rolls
- C. States must require all officers and employees of the state, upon first recognizing that an unwed woman is pregnant, to inform her that:
1. she will not be able to receive AFDC benefits until she identifies the father, and
 2. she should do whatever is necessary to get the father to acknowledge paternity as soon as possible

States must develop procedures in public hospitals and clinics that facilitate the acknowledgment of paternity.

- D. States must develop procedures, in consultation with the Secretary, to handle cases in which mothers claim the father is dead or missing. State procedures should be based on the principle that the burden of proof is on the mother.
- E. The mother is exempt from these requirements if her pregnancy was caused by rape or incest or if the state concludes that pursuing paternity will result in physical harm to the parent or child.
- F. States are required to follow the provisions outlined above unless the state passes a law specifically declaring that the state wants to exempt itself.
- G. The state paternity establishment requirement of 75 percent in current law (assuming the reconciliation bill passes) is increased to 90 percent. As under current law, states under 90 percent must increase by 3 percent each year if their percentage is over 50 percent and 6 percent each year if their percentage is under 50 percent.

Title III: Expanded Statutory Flexibility for States

- A. Rewards and sanctions for immunization and/or health checkup. Allow states to increase the total monthly AFDC benefit by up to \$50 per month for 6 months (not necessarily consecutive) for complying with immunization, EPSDT screening, or other health requirements. Families could be sanctioned by up to \$50 per child per month until the requirements are met. States can decide not to follow this provision by passing a state law specifically exempting themselves.
- B. No AFDC for parents under age 19. States may refuse AFDC benefits if the mother or father of the dependent child has not attained 19 years of age. If minor parents are married, they can qualify for the state AFDC program for 2-parent families. States can decide not to follow this provision by passing a state law specifically exempting themselves.
- C. Rewards and sanctions for school attendance. Families with school-age children who attend school less than some state-established minimum without good cause will be subject to a sanction or reward of up to \$75.00 per child per month. Good cause is defined by states in consultation with the Secretary.
- D. No additional money for more children. States are not required to pay any additional benefits for children born 10 months after the date of application for AFDC. States can, but are not required to, allow exceptions for

- 8 -

families: a) that leave AFDC due to earnings for at least 90 days if employment is terminated for good cause, and/or b) that remain off AFDC for 12 consecutive months. States can decide not to follow this provision by passing a law specifically exempting themselves.

- E. Change work disregards within limits. States would be permitted to replace the current Federal rules for disregarding income in setting AFDC benefit levels. The current 4-month \$30 and 1/3 rule could be changed as a state wishes but the changes can be no more generous than the equivalent of permanently disregarding the first \$200 of family earnings plus 1/2 of the remainder.

Comments

F. Married couple transition benefit option: Keep AFDC after marriage up to certain income limit. States would be permitted to allow AFDC recipients who marry someone who is not the father of their child, and who would become ineligible for AFDC, to keep up to 1/2 of their current benefit for up to one year as long as their combined family income is below 150% of the poverty level. Couples who marry and would be eligible for AFDC-UP in the state may be treated by the state as eligible for either AFDC-UP or the state's new "married couple" transition benefit, but not both.

G. Increase asset limit up to \$10,000. States can disregard up to \$10,000 of assets associated with a microenterprise owned by a family for purposes of determining AFDC eligibility and calculating AFDC benefits; states may also disregard up to \$10,000 of savings placed in a special account to be used for purchase of a home or for education or training. The disregard for business-related costs, income, and resources associated with a business of five or fewer employees will be increased from \$1,000 to \$10,000 per family.

H. States can convert AFDC to block grant. States have the option of taking the amount of federal reimbursement they received under Title IV-A in 1992, plus a one-time inflation adjustment of 3 percent, as a fixed annual cash payment rather continuing in the current AFDC program. States electing this option must present an annual report to the Department of Health and Human Services showing that all the money from the block grant was spent to help poor and low-income families.

I. AFDC benefit levels for new state residents. States have the option of providing new residents of their state with the same level of AFDC benefits as provided by the state from which the residents moved. This level of benefits can be provided for no more than 1 year.

- 9 -

J. Parenting classes, money management, and moving residence. States have the option of requiring AFDC parents to participate in parenting classes and classes on money management during the Transition Program. Such participation counts toward fulfillment of state participation requirements. States can also require parents receiving AFDC benefits to receive agency permission before changing a dependent child's residence during the school year.

Title IV. Expansion of State Waiver Authority

- A. Interagency Waiver Request Board. All waivers will be considered by an interagency board composed of representatives of the Secretaries of Agriculture, Health and Human Services, Housing and Urban Development, Labor, Interior, Justice, and the Office of Management and Budget. The Board will be headed by a chairperson appointed by the President.
- B. Application for Waivers. Any entity eligible to receive Federal funds may submit a waiver application to the Board specifying, explaining, and justifying the particular provisions of statute or regulation the entity wants to change. All applications must aim to help long-term welfare recipients improve their living conditions, help recipients strengthen their families and achieve self-sufficiency, or promote individual initiative and personal behavior consistent with progress toward self-sufficiency; applications must contain written assurances that implementing the proposal will not result in additional costs to the federal government.
- C. Agency Approval. The Chairman, after considering the proposal and making any written comments she thinks appropriate, forwards the proposal to the agency or agencies with jurisdiction over the programs. Within 45 days the agency must provide the chairman with views on whether the proposal will move families toward independence of welfare and on several similar issues. If more than one federal agency is involved in the waiver request, the chairman must take steps to assure that all agencies are informed of the others' involvement. The chairman must reach a decision on the waiver request and notify the states within 120 days; if the state waiver request has not been approved or disapproved within 120 from the date of receipt, the request is deemed to be approved.
- D. Programs Subject to Waiver Authority
See attached list

Title V: Child Support Enforcement

A. Improved Tracking of Absent Parents to Enforce Support. Establish a nationwide system for reporting and tracking newly hired workers to improve the nation's ability to locate parents and enforce support orders. The system would keep a current trace of parents' location, source of earnings, and support obligations. Includes reforms in three areas:

1. New employees would be required to report support obligations subject to wage withholding to employers via new W-4 forms. Withholding would begin immediately and employment information would be maintained for interstate searches.
2. States would maintain updated registries of support orders to verify new hire withholding information and assist other states with interstate searches.
3. The Federal Parent Locator service would be expanded to improve access to information nationwide and the Federal Office of Child Support Enforcement would coordinate an information network between states to provide for speedy interstate searches.

B. Streamlined Wage Withholding. Streamline the interstate system of wage withholding by establishing uniform notices and requiring employers to honor withholding notices from out-of-state courts.

C. Improved Paternity Establishment. States would establish hospital-based programs to encourage voluntary paternity establishment at the time of birth and provide for administrative processes for establishing parentage.

Title VI: Welfare Restrictions for Aliens

A. All welfare benefits (other than emergency Medicaid) are eliminated for non-citizens, except for refugees and certain permanent residents as defined below.

B. Exceptions for refugees and permanent resident aliens:

1. refugees who have been adjusted to permanent resident status can receive welfare for only 1 year beyond the time limit required for them to apply for citizenship (unless they are over age 70);

- 11 -

2. permanent resident aliens over age 70 who have been legal residents for at least 5 years are eligible for welfare benefits.
- C. State AFDC agencies must provide the name, address, and other identifying information (including fingerprints) to the Immigration and Naturalization Service for all illegal immigrant parents with citizen children.
- D. Any noncitizen who is currently residing in the U.S. and is affected by any of the above provisions is exempt from that provision for 1 year following passage of the bill; any federal department that administers welfare programs that currently serve resident aliens must directly notify, or ensure that states notify, all resident aliens affected by provisions outlined above.

Title VII: Miscellaneous Provisions

A. AFDC Recipients and Drug Addiction

1. AFDC applicants and recipients determined by states to be addicted to alcohol or drugs must participate in addiction treatment.
2. Failure of addicts to participate on a satisfactory basis as defined by the state will result in expulsion from AFDC for 2 years.
3. States may waive participation requirements during the transition program for up to 1 year if AFDC recipients are participating in addiction treatment programs; however, states must continue to include all addicted recipients in the denominator for calculation of participation standards.
4. States are authorized to use random and unannounced drug tests with recipients who have participated in drug rehabilitation programs or have a history of addiction; refusal by the recipient to submit to drug testing will result in termination of the entire family's cash AFDC benefit.

B. Eligibility for Food Stamps

1. In order to qualify for Food Stamps, adults must be:
 - receiving unemployment insurance, AFDC, SSI, disability insurance, workers compensation, or social security, or
 - pregnant women in the last month of pregnancy or within two months of giving birth, or
 - participating satisfactorily in the Food Stamp work program, or
 - able to show proof of incapacitation or current employment.

Programs Subject to Waiver Authority
in Unified Republican Bill
July, 1993

1. Medicaid
2. Maternal & Child Health Services Block Grant
3. Community Health Centers
4. Title X, Family Planning
5. Cash and Medical Assistance to Refugees and Cuban/Haitian Entrants
6. Migrant Health Centers
7. Aid to Families with Dependent Children
8. IV-B Child Welfare Services
9. Supplemental Security Income
10. Foster Care
11. Food Stamps
12. School Lunch
13. Nutrition Program for Women, Infants and Children
14. Nutrition Program for the Elderly
15. School Breakfast
16. Child & Adult Care Food Program
17. The Emergency Food Assistance Program
18. Summer Food Service Program for Children
19. Commodity Supplemental Food Program
20. Special Milk Program
21. Section 8, Low-Income Housing
22. Low-Rent Public Housing
23. Rural Housing Loans
24. Sec. 236, Interest Reduction Payments
25. Sec. 515 Loans for Rental & Cooperative Housing
26. Sec. 521 Rental Assistance
27. Sec. 235 Homeownership Assistance for Low-Income Families
28. Sec. 101 Rent Supplements
29. Rural Housing Repair Loans/Grants
30. Farm Labor Housing Loans/Grants
31. Rural Housing Preservation Grants
32. Rural Housing Self-Help Technical Assistance Grants
33. Rural Housing Site Loans
34. Stafford Loans
35. Pell Grants
36. Head Start
37. College Work-Study
38. Supplemental Education Opportunity Grants
39. Vocational Education for the Disadvantaged
40. Migrant Education
41. Special Programs for Students from Disadvantaged Backgrounds ("TRIO" Programs)
42. Perkins Loans
43. State Student Incentive Grant Program
44. Fellowships for Grad & Professional Study
45. Migrant High School Equivalency Program
46. Chapter 1 Education
47. Follow Through
48. Health Professionals Student Loans
49. Centers for Disease Control Immunization Grants
50. Lead Poisoning Grants
51. Preventive Services Block Grant
52. Alcohol, Drug Abuse, and Mental Health Grants
53. Ellender Fellowships
54. Child Development Associate Scholarships
55. Job Training Partnership Act for Disadvantaged
56. Job Corps
57. Summer Youth Employment
58. Senior Community Service
59. Title 1, Older Americans Act
60. Foster Grandparents
61. Senior Companions
62. Unemployment Compensation
63. Low-Income Home Energy Assistance Program
64. Weatherization Assistance
65. Title XX, Social Services Block Grant
66. Community Services Block Grant
67. Legal Services
68. Emergency Food/Shelter
69. Social Services for Refugees/Cubans/Haitians
70. Child Care & Development Block Grant
71. "At Risk" Child Care
72. State Legalization Impact Assistance Grants



To: Welfare reform steering committee
From: David Ellwood
Assistant Secretary for Planning and Evaluation
Re: Meeting with Congressman Archer
Date: June 13, 1993

Mary Jo and I had an interesting, cordial, and provocative discussion about welfare reform with Congressman Bill Archer of Texas last week.

We found much to agree on during the meeting. At the end of the meeting, the Congressman presented a list of minimum requirements for Republican support of any welfare reform proposal:

- no new taxes;
- tough work requirements;
- no increase in minimum wage or EITC;
- limited additional funding for day care;
- no national child support assurance;
- broad expansion in waivers.

Needless to say, it would be a major challenge to win Congressman Archer's endorsement.

WR-GOP

TALKING POINTS ON COMPARISON OF WELFARE REFORM PROVISIONS

ADMINISTRATION AND DEMOCRATIC LEADERSHIP PROPOSAL
THE WORK AND RESPONSIBILITY ACT OF 1994 (H.R. 4605/S. 2224)

HOUSE REPUBLICAN LEADERSHIP PROPOSAL (H.R. 3500)

ADMINISTRATION PLAN (H.R. 4605)	HOUSE REPUBLICAN PLAN (H.R. 3500)
<p>PHASE-IN</p> <ul style="list-style-type: none"> • Gradual phase-in of entire caseload focuses resources most intensively on the next generation and takes administrative feasibility into account. People born after December 31, 1971 will be subject to the time-limit provisions. States would have the option to phase-in more quickly. 	<ul style="list-style-type: none"> • Rapid phase-in of entire caseload by October 1, 1998. All new and returning applicants beginning on October 1, 1994 will be subject to the time limit.
<p>JOBS PARTICIPATION RATES</p> <ul style="list-style-type: none"> • Performance standard for JOBS participation set at 50%, with a -5/+5 tolerance level, with financial penalties if the standard is not met and financial incentives if the standard is exceeded. 	<ul style="list-style-type: none"> • Raises the minimum participation standard 10% per year until a 90% participation rate is attained by 2002 (an 8-fold increase from current participation standards in 8 years). Even though States will only be required to serve participants for an average of 10 hrs/wk (reduced from 20 hrs/wk), States would be forced to increase spending levels considerably to meet this requirement.
<p>WORK REQUIREMENT</p> <ul style="list-style-type: none"> • Work for wages. After 24 months of assistance (with minor exemptions and deferrals), recipient is required to enter WORK program. In a minimum wage job, the recipient is paid only for the hours worked, earning a paycheck, not a welfare check. • States have the option to require community service or work supplementation at any time in the first two years. 	<ul style="list-style-type: none"> • Workfare. After 24 months of assistance (with minor exemptions and deferrals), recipients are required to work in community service job in order to continue receiving benefits. Instead of earning a paycheck, recipients still receive a welfare check; if the recipient fails to show for work, an elaborate sanctioning process is initiated to reduce benefits. • State option for less than a 2-year benefit time limit.

ADMINISTRATION PLAN (H.R. 4605)	HOUSE REPUBLICAN PLAN (H.R. 3500)
<p>PUBLIC SECTOR JOB CREATION</p> <ul style="list-style-type: none"> • Provides considerable flexibility to encourage private sector job creation • Minimum requirement of 15 hrs/wk makes it easier and less costly to create jobs • Envisions limited public sector job creation. 	<ul style="list-style-type: none"> • Work for benefits model inhibits private sector job creation • Minimum requirement of 35 hrs/wk makes job creation more difficult and costly • Could require creation of more than a million public sector jobs.
<p>TIME LIMIT ON WORK</p> <ul style="list-style-type: none"> • Imposes no arbitrary time-limit on WORK participation for participants who have played by the rules; gives states the option to limit WORK participation after 2 years for anyone who is job-ready but fails to make a good faith effort to find available private sector work. 	<ul style="list-style-type: none"> • Allows imposition of a 3-year time limit in the work program even for families who have played by the rules and live in areas where no jobs are available.
<p>CHILD CARE</p> <ul style="list-style-type: none"> • Increases the Federal match rate and provide additional funding for the At-Risk Child Care Program for working poor families; increases the Federal match rate for all other Title IV child care programs. 	<ul style="list-style-type: none"> • Maintains current system; no new funding for child care for working poor families.
<p>MINOR MOTHERS</p> <ul style="list-style-type: none"> • Requires mothers under 18 years old to live at home and participate in JOBS, with finishing school as the presumed activity • Provides enhanced case management to all teen parents. 	<ul style="list-style-type: none"> • Eliminates AFDC benefits to all parents under 18 years old and their children.
<p>PATERNITY</p> <ul style="list-style-type: none"> • Mothers must cooperate in establishing paternity in order to receive benefits • Expands in-hospital establishment of paternity. 	<ul style="list-style-type: none"> • Mandates that mothers establish paternity to be eligible for full benefits; provisions for reduced benefits while working toward paternity establishment. Children whose paternity is not established are denied benefits.

ADMINISTRATION PLAN (H.R. 4605)	HOUSE REPUBLICAN PLAN (H.R. 3500)
<p>FAMILY CAP</p> <ul style="list-style-type: none"> • States may opt to deny additional benefits for children conceived while parent on welfare. 	<ul style="list-style-type: none"> • Denies additional benefits for children conceived 10 months after application for AFDC; States may exempt themselves from family cap by passing a State law.
<p>CHILD SUPPORT ENFORCEMENT</p> <ul style="list-style-type: none"> • Toughest, most comprehensive reform of child support enforcement system ever proposed; establishes a nationwide system for reporting and tracking newly hired workers; requires W-4 based new-hire reporting systems and streamlines immediate wage withholding • Adopts Uniform Interstate Family Support Act to make interstate collection procedures more routine; strengthens IRS role • Grants States authority to revoke drivers and professional licenses and to require non-custodial parents to work off the child support they owe. 	<ul style="list-style-type: none"> • Requires W-4 based new-hire reporting systems and streamlines immediate wage withholding. • Requires states to run work programs for non-custodial parents who fail to pay their child support.
<p>CONFORMING FEDERAL PROGRAMS</p> <ul style="list-style-type: none"> • Modifies federal match rates, eligibility requirements and other procedural policies in order to bring greater conformity between AFDC and Food Stamp programs. 	<ul style="list-style-type: none"> • No specific provisions
<p>WELFARE FRAUD</p> <ul style="list-style-type: none"> • Establishes a national network to reduce fraud by keeping track of individuals whenever and wherever they are on welfare. 	<ul style="list-style-type: none"> • Appoints a federal commission to study the need for such a network.
<p>TECHNICAL ASSISTANCE</p> <ul style="list-style-type: none"> • Funds set aside for technical assistance, management information systems, research and evaluation to assist the States in implementation and innovation (2% of JOBS and child care funds set aside for FY96-98 and 1% thereafter). 	<ul style="list-style-type: none"> • No federal assistance; States would bear the costs of developing management information systems and capabilities in order to operate a time-limited transitional program.

ADMINISTRATION PLAN (H.R. 4605)	HOUSE REPUBLICAN PLAN (H.R. 3500)
<p>FINANCING</p> <ul style="list-style-type: none">• Makes permanent the current provisions that hold family members financially responsible for those they sponsor to come to the United States for 5 years after their arrival.• For those sponsor families with an income above the median (currently \$40,000), immigrants they sponsor will be ineligible for benefits until they obtain citizenship• Raises additional funds by reducing welfare fraud, extending the Superfund fee, capping future growth in emergency assistance, limiting SSI eligibility for substance abusers, means-testing meal-reimbursements to daycare providers, targeting agricultural support, and other minor savings.	<ul style="list-style-type: none">• Eliminates all benefits for most non-citizens (except those over the age of 75). Those currently receiving AFDC would retain eligibility for 1 year; refugees' assistance would be time-limited.• Caps outlay growth in AFDC; SSI, public housing, section 8, Food Stamps and EITC at 2% per year plus inflation - a move which could greatly reduce the ability to operate these programs effectively and result in significant cost-shifting to States• All major nutritional assistance programs are combined into a single capped block grant and cut by 5 percent.



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

February 15, 1994

WR-~~100~~ (GOP)
 (One copy in WR-8,
 another in WR-60P)

Please route to:

Keith Fontenot *KF*
 Barbara Selfridge *BS*
 Belle Sawhill

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

With informational copies for:

Subject: HR 3500--The House Republican Welfare Bill

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

From: *SD* Stacy Dean and Michael Ruffner *MR*

Recently you indicated that you would like to see a table of all the major provisions in the Republican Welfare Bill. We have prepared the attached table entitled "Republican Welfare Reform Bill HR. 3500: A comparison of preliminary HHS and CBO pricing". To provide you with further information on the bill's contents, we have also attached and a copy of a November 30th memo to you entitled "Republican Welfare Reform Bill".

No pricing has developed for the Senate Republican bill, but this bill is virtually identical to the House version. We will follow-up with a list of distinctions between the two bills.

Please note on the following for the pricing table:

- the pricing is not interactive.
- CBO did not price all of the provisions.
- HHS estimates do not generally include Food Stamps or Medicaid effects.
- Title VII and Title VIII could be considered internally inconsistent because Food Stamps is included in the proposal to create a block grant out of all Federal Food programs and the proposal to cap welfare expenditures. HHS pricing considers these proposals additive.

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

Title and Section	FY94	FY95	FY96	FY97	FY98	FY94-99
-------------------	------	------	------	------	------	---------

Title I AFDC Transition and Work Program

**AFDC Transition and WORK
Program Child Care***

CBO:	AFDC-JOBS	0	0	300	1,000	1,900	3,200
	AFDC-Child Care	0	-100	100	600	1,600	2,200
	Total	0	-100	400	1,600	3,500	5,400
HHS:	AFDC-JOBS	0	92	450	951	1,512	3,005
	AFDC-Child Care	0	-22	208	603	1,248	2,037
	Total	0	70	658	1,554	2,760	5,042

Note: HHS has indicated that they consider these Child Care estimates to be a little high.

Title I Subtotal		FY94	FY95	FY96	FY97	FY98	FY94-99
	CBO	0	-100	400	1,600	3,500	5,400
	HHS	0	70	658	1,554	2,760	5,042

Title II Paternity Establishment

**Sanction AFDC Families if
Paternity is not Established**

CBO:	AFDC	-200	-400	-900	-900	-900	-3,300
	Food Stamps	100	200	500	500	500	1,800
	CSE	N/E	N/E	N/E	N/E	N/E	N/E
	Total	-100	-200	-400	-400	-400	-1,500
HHS:	AFDC	-485	-720	-1,180	-1,190	-1,200	-4,775
	Food Stamps	125	250	500	500	500	1,875
	CSE	0	2	4	0	-3	10
	Total	-360	-461	-676	-690	-703	-2,890

Title II Subtotal		FY94	FY95	FY96	FY97	FY98	FY94-99
	CBO	-100	-200	-400	-400	-400	-1,500
	HHS	-360	-461	-676	-690	-703	-2,890

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>	<u>FY94-99</u>	
<u>Title III Expanded Statutory Flexibility for States</u>							
301 State Option to Convert AFDC to a Block Grant							
CBO:	CBO believes that no State would take this option.					0	
HHS:	0	0	0	0	0	0	
302 Deny AFDC if either parent is a minor							
CBO:	N/E	N/E	N/E	N/E	N/E	N/E	
HHS:	-260	-270	-280	-290	-300	-1,400	
303 Treat Interstate immigrants under rules of former State							
CBO:	AFDC	-30	-70	-70	-70	-70	-310
	Food Stamps	20	40	40	40	40	180
		-10	-30	-30	-30	-30	-130
HHS:	AFDC	-140	-140	-150	-150	-160	-740
304 Impose penalty for failure to attend school							
CBO:	AFDC Admin	25	75	100	100	100	400
	AFDC Benefits	*	*	*	*	*	*
	Total	25	75	100	100	100	400
HHS:	AFDC	50	75	110	115	120	470

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>	<u>FY94-99</u>
305 No Additional Benefits for New Children							
CBO*	AFDC	-90	-200	-260	-320	-350	-1,220
	Food Stamps	50	100	140	160	190	640
	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.							
306 Option to modify certain AFDC income disregard rules							
CBO:	AFDC	220	220	230	240	250	1,160
	Food Stamps	-110	-120	-120	-120	-130	-600
	Medicaid	140	150	160	180	200	830
	Total	250	250	270	300	320	1,390
HHS	AFDC	260	260	270	280	290	1,360
307 Option to provide married couple transition benefits							
CBO:	AFDC	60	120	120	130	130	560
	Food Stamps	-30	-60	-70	-70	-70	-300
	Medicaid	70	160	180	200	220	830
	Total	100	220	230	260	280	1,090
HHS:	AFDC	60	120	120	130	130	560
	Food Stamps	-30	-60	-70	-70	-70	-300
	Medicaid	<u>N/E</u>	<u>N/E</u>	<u>N/E</u>	<u>N/E</u>	<u>N/E</u>	<u>N/E</u>
	Total	30	60	50	60	60	260

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>	<u>FY94-99</u>
308	Disregard Income and resources designated for education training & employment, or related to self-employment						
CBO:	AFDC	10	25	55	55	55	200
	Food Stamps	-5	-5	-10	-10	-10	-40
	Medicaid	10	10	25	35	35	115
	Total	15	30	70	80	80	275
HHS:	AFDC	5	15	30	30	30	110
309	Option to require attendance at parenting & money management classes & prior approval of any action that would result in a change of school for a dependent child						
CBO	AFDC	N/E	N/E	N/E	N/E	N/E	N/E
HHS	AFDC	Indeterminate but small.					

<u>Title III Subtotal</u>							
CBO		340	445	520	550	590	2,445
HHS		-215	-440	-590	-765	-980	-2,990

Title IV Expansion of State Waiver Authority

Expansion of State and Local Flexibility

CBO	AFDC	N/E	N/E	N/E	N/E	N/E	N/E
HHS	AFDC	.	.	.	.	.	.

<u>Title IV Subtotal</u>							
CBO		N/E	N/E	N/E	N/E	N/E	N/E
HHS		.	.	.	.	.	.

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

Title and Section	FY94	FY95	FY96	FY97	FY98	FY94-99
-------------------	------	------	------	------	------	---------

Title V Child Support Enforcement

Child Support Enforcement

CBO	AFDC	N/E	N/E	N/E	N/E	N/E	N/E
HHS	AFDC	10	2	-2	-9	-27	-26
	CSE	8	12	27	55	24	126
	Total	18	14	25	46	-3	100

Title V Subtotal		N/E	N/E	N/E	N/E	N/E	N/E
	CBO	N/E	N/E	N/E	N/E	N/E	N/E
	HHS	18	14	25	46	-3	100

Title VI Eliminate Benefits to Non-Citizens

Eliminate All Benefits to Non-Citizens

CBO:	AFDC	0	-100	-300	-300	-300	-1,000
	Food Stamps	0	-400	-800	-800	-800	-2,800
	Medicaid	0	-900	-2,100	-2,400	-2,700	-8,100
	SSI	0	-1,200	-2,500	-2,700	-3,000	-9,400
	Total	0	-2,600	-5,700	-6,200	-6,800	-21,300
HHS:	AFDC	-10	-210	-230	-250	-260	-960
	SSI	-80	-1,970	-2,140	-2,300	-2,460	-8,950
	Total	-90	-2,180	-2,370	-2,550	-2,720	-9,910

Title VI Subtotal		0	-2,600	-5,700	-6,200	-6,800	-21,300
	CBO	0	-2,600	-5,700	-6,200	-6,800	-21,300
	HHS	-90	-2,180	-2,370	-2,550	-2,720	-9,910

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>	<u>FY94-99</u>
<u>Title VII Controlling Welfare Costs</u>							
Controlling Welfare Costs							
CBO:	NET	N/E	N/E	N/E	N/E	N/E	N/E
HHS:	NET	0	-600	0	-7,000	-8,200	-15,800
<u>Title VII Subtotal</u>							
	CBO	N/E	N/E	N/E	N/E	N/E	N/E
	HHS	0	-600	0	-7,000	-8,200	-15,800

Title VIII Consolidated Block Grant To States For Nutrition Assistance

Block Grant Mandatory and Discretionary Food Programs and reduce authorization by 5%							
CBO:	NET	0	-3,000	-1,600	-1,800	-1,900	-8,300
HHS:	NET	0	-1,900	-2,600	-3,300	-3,600	-11,400
<u>Title VIII Subtotal</u>							
	CBO	0	-3,000	-1,600	-1,800	-1,900	-8,300
	HHS	0	-1,900	-2,600	-3,300	-3,600	-11,400

Title IX Miscellaneous

901	AFDC recipients required to undergo necessary substance abuse treatment as a condition of receiving AFDC						
CBO	AFDC	N/E	N/E	N/E	N/E	N/E	N/E
HHS	AFDC	N/E	N/E	N/E	N/E	N/E	N/E

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>	<u>FY94-99</u>
902	Random Drug test of addicts getting SSI disability benefits						
CBO	SSI	N/E	N/E	N/E	N/E	N/E	N/E
	Medicaid	N/E	N/E	N/E	N/E	N/E	N/E
HHS	SSI	N/E	N/E	N/E	N/E	N/E	N/E
	Medicaid	N/E	N/E	N/E	N/E	N/E	N/E
903	Evaluation of education and training programs						
CBO	AFDC	N/E	N/E	N/E	N/E	N/E	N/E
HHS	AFDC	5	5	5	5	5	25
904	Job search required while AFDC application is pending						
CBO	AFDC	N/E	N/E	N/E	N/E	N/E	N/E
HHS	AFDC	N/E	N/E	N/E	N/E	N/E	N/E
905	Demos on fraud & administrative efficiency						
CBO	AFDC	N/E	N/E	N/E	N/E	N/E	N/E
HHS	AFDC	1	1	1	1	1	5
906	Public housing rent reform						
CBO	Housing	N/E	N/E	N/E	N/E	N/E	N/E
HHS	Housing	N/E	N/E	N/E	N/E	N/E	N/E

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>	<u>FY94-99</u>
907 Required Immunizations for children and health check-ups							
CBO	AFDC	•	5	5	10	10	30
	Medicaid	5	10	25	40	35	115
	Total	5	15	30	50	45	145
HHS	AFDC	0	5	5	5	5	20
<i>Title IX Subtotal</i>							
	CBO	5	15	30	50	45	145
	HHS	6	11	11	11	11	50
<i>Total As Priced</i>							
	CBO	245	-5,440	-6,750	-6,200	-4,965	-23,110
	HHS	-641	-5,486	-5,542	-12,694	-13,435	-37,798

NOV 30 1993



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

MEMORANDUM FOR BELLE SAWHILL

FROM: Michael Ruffner *MR*

SUBJECT: Republican Welfare Reform Bill

The Republican Task Force on Welfare Reform, chaired by Reps. Tom Delay and Rick Santorum, released their reform proposal on November 10, 1993. This memorandum describes the proposal and preliminary analyses from FHS and CBO.

Proposal Features – HR 3500:

AFDC Transition and Work Program

- AFDC Applicants would enroll in job search while their application is being processed.
- AFDC recipients would be required to participate in E&T and other JOBS activities during the first two years of receipt. The proposal is silent on how lifetime AFDC receipt and reapplication are treated.
- Under HR3500, the criteria for exemptions would be strict. Mothers could be exempt for up to 6 months including time before and after pregnancy. (For example, the mother could elect to be exempt 2 months before and 4 months after they give birth.) Those caring for ill relatives and those with disabilities would also be exempt. The bill specifically excludes drug and alcohol offenders from coverage under the disability provision.
- When fully phased in, 2/3rds of mothers on AFDC who have been on for at least two years are required to work 35 hours per week for their benefits. After three years of CWEP, work supplementation or any other approved State work program, States would have the option of removing the client from AFDC. Clients would continue to be eligible for Food Stamps and Medicaid after three years.
- Starting with entry to AFDC, one parent in AFDC-UP cases would be required to work 32 hours a week and attend 8 hours of job search to be eligible for benefits.
- States would receive a higher Federal matching rate (the higher of 70% or FMAP) and expanded budget authority to provide education and training, and employment services, including day care.

**NEWS ★ RELEASE**

WR-60P

FOR IMMEDIATE RELEASE**CONTACT: Kevin Stach****(202) 452-8200**

1776 I Street, NW, Suite 890
Washington, DC 20006
(202) 452-8200
fax (202) 833-0168

EMPOWER AMERICA HITS THE RADIO WAVES WITH A SERIES OF THREE NEW ADS

*Welfare, Health Care and Taxes are the Targets of Empower America's
New National Ad Campaign*

(June 20, 1994, Washington, DC) -- Empower America, the political organization founded by William Bennett, Jack Kemp, Jeane Kirkpatrick, and Vin Weber, today began airing a series of three 60-second radio ads.

The ads, which feature the voice of William Bennett, will target the president's welfare reform proposal and the health care reform legislation pending in Congress. Another ad supports New Jersey Governor Christie Whitman's tax cut legislation.

The welfare commercial challenges candidate Bill Clinton's promise to "end welfare as we know it." Empower America Co-Director Vin Weber calls his newly released plan "a watered down version of the existing [welfare] policy."

"The Clinton welfare plan is one-half joke, one-half fraud," said co-director William Bennett. "He over promises and under delivers -- and in the process, he increases public cynicism." As an alternative, Bennett strongly supports the Talent-Faircloth "Real Welfare Reform Act of 1994."

Empower America's Jack Kemp said, "The Clinton plan is not a serious effort at reform. The plan does little to encourage private sector job creation or to end the penalty against marriage, working and saving for welfare recipients. Even Democrats agree that this plan falls short of Clinton's pledge to 'end welfare as we know it.'"

"Our goal is to help educate the public on welfare reform proposals now being considered, and to mobilize the grassroots to support meaningful reform rather than high-cost tinkering," Bennett and Kemp said.

Empower America's leadership called on conservatives to support a plan that includes workfare for *all* able-bodied welfare recipients rather than Clinton's modest requirement affecting only a small percentage of the welfare rolls by the year 2000. The group also advocates a fiscally conservative approach instead of throwing billions more dollars at the problems. Most important to the organization, though, is a proposal to cut off woman who give birth to illegitimate children while receiving welfare assistance.

The group's health care ad focuses on urging Congress to postpone health care legislation until next year. Bennett cited a new NBC/Wall Street Journal poll in which 57 percent prefer waiting until next year in order to have a better reform plan.

-- MORE --

(EA 94-012, issued June 20, 1994)

Kemp said, "The president has run out of time on health care. The November elections should serve as a referendum on the kind of reform Americans really want. Voters haven't given Congress or the President a mandate for the kind of change they are trying to muscle through. What we need to wait for is a real mandate for reform in November."

The ads conclude by urging viewers to call Empower America's toll-free "800" number to receive more information on welfare reform and health care reform. Those who respond to the ad will receive a detailed critique of the president's proposals, more compassionate and conservative alternative reform proposals, and suggestions on how individuals can affect the process for real reform.

Empower America's initial ad buy is targeted for political and public affairs programs. It will air on Washington, DC's WTOP, and nationally on both the USA Radio Network and Michael Reagan's syndicated radio talk show.

Excerpts of the Empower America welfare and health care ad follow:

EMPOWER AMERICA: "WELFARE"; 6/94

HI, THIS IS BILL BENNETT FOR EMPOWER AMERICA.

CANDIDATE BILL CLINTON PROMISED TO "END WELFARE AS WE KNOW IT."

BUT PRESIDENT BILL CLINTON HAS BROKEN ANOTHER PROMISE.

HERE ARE THE FACTS: THE CLINTON PLAN WILL ADD BILLIONS OF DOLLARS TO THE COST OF WELFARE.

DESPITE ALL THE TOUGH TALK ABOUT HIS PLAN, BY THE YEAR 2000 ONLY 6 PERCENT OF WELFARE RECIPIENTS WILL BE REQUIRED TO WORK.

THE CLINTON PLAN DOES NOTHING TO STOP THE GOVERNMENT FROM SUBSIDIZING OUT-OF-WEDLOCK BIRTHS. NOTHING.

AND THE CLINTON PLAN DOES NOTHING TO REVERSE WELFARE'S GREATEST TRAGEDY -- GENERATIONS OF CHILDREN BORN INTO POVERTY AND WITHOUT OPPORTUNITY OR HOPE.

BILL CLINTON'S WELFARE PROPOSAL IS CYNICAL AND DECEPTIVE.

-- MORE --

AT EMPOWER AMERICA, WE SUPPORT REAL WELFARE REFORM THAT REQUIRES ABLE-BODIED RECIPIENTS TO WORK; CUTS THE WELFARE BUREAUCRACY; AND, MOST IMPORTANT, STOPS SUBSIDIZING ILLEGITIMATE BIRTHS.

WE WANT TO HEAR FROM YOU ON THIS ISSUE.

CALL EMPOWER AMERICA AT 1-800-4 EMPOWER AND LET US KNOW WHAT YOU THINK ABOUT WELFARE REFORM. THAT'S 1-800-4 EMPOWER.

EMPOWER AMERICA: "HEALTH CARE"; 6/94

HI, THIS IS BILL BENNETT FOR EMPOWER AMERICA.

BY NOW, WE ALL KNOW ABOUT PRESIDENT CLINTON'S HEALTH CARE BILL:

HUGE TAX INCREASES, MILLIONS OF LOST JOBS, RATIONED CARE, AND LIMITS ON OUR CHOICE OF DOCTORS AND TREATMENT.

IN SHORT, WE PAY MORE, GET LESS, AND LOSE CHOICE AND CONTROL.

RIGHT NOW PRESIDENT CLINTON AND HIS CONGRESSIONAL ALLIES ARE ATTEMPTING TO RAM THROUGH CONGRESS THE MOST RADICAL ELEMENTS OF HIS PLAN -- EVEN THOUGH POLLS SHOW THAT MOST AMERICANS WOULD RATHER WAIT FOR A BETTER PLAN.

AT EMPOWER AMERICA, WE BELIEVE THERE'S A BETTER WAY TO EXPAND THE AVAILABILITY OF INSURANCE, CONTROL COSTS, AND IMPROVE THE QUALITY OF CARE -- WITHOUT RAISING TAXES OR LIMITING CHOICE.

CONGRESS SHOULD NOT ACT ON THIS BEFORE THE VOTERS HAVE A CHANCE TO WEIGH IN AT THE POLLS IN NOVEMBER.

SO CALL YOUR REPRESENTATIVES IN CONGRESS AND LET THEM KNOW YOU OPPOSE A RADICAL HEALTH BILL BEFORE NOVEMBER.

THEN CALL EMPOWER AMERICA AT 1-800-4 EMPOWER AND JOIN THE FIGHT FOR SENSIBLE, FREE MARKET REFORMS. THAT'S 1-800-4 EMPOWER.

###

WR-60P

Radio Station: Please forward to your conservative talk show host or producer.



The Empower America Reality Check

A regular tip sheet faxed free-of-charge to conservative talkers coast-to-coast.

The Clinton Tax Bill Comes Due This Week

Last year, President Clinton passed the largest tax increase in history. This week, the bill is due. According to the non-partisan Tax Foundation, American families will have to pay an average of \$298 more in taxes this year than they did last year as a result of President Clinton's new taxes. Collectively, U.S. taxpayers will pay more than \$35 billion in higher taxes. American businesses will pay \$7.9 billion, and individuals and families making less than \$30,000 per year will owe \$2.5 billion more in 1994. A study conducted by the Heritage Foundation estimates that Clinton's so-called "soak-the-rich" taxes will take an average of \$700 from each taxpayer and small business that is hit by higher income taxes. This year alone Americans will pay \$15 billion in retroactive taxes, dating from Jan. 1, 1993.

It is true that the economy has been improving steadily in the past few months. President Clinton has sought to take credit for this recent economic upswing, but in reality, his economic policies have had absolutely nothing to do with it.

The President himself has conceded this level of growth is a temporary phenomenon. His own budget projects the average annual growth in real Gross Domestic Product to be only 2.6% between now and the end of the century. Our historical average is much higher - 3%. By his own administration's calculations, therefore, Clinton's fiscal policies are expected to generate economic growth well below our nation's historic capacity.

*** Special service: To learn the impact of the Clinton tax bill on your listeners, *** return this document via fax to Howard Mortman at fax (202) 833-0706

Your name: _____

Your station: _____

Your state: _____

Your fax number: _____

(RC-26; 4/12/94)

Empower America, led by Jack Kemp, William Bennett, Jeane Kirkpatrick and Vin Weber, is America's leading grass-roots conservative advocacy organization.

Questions or comments on this publication, contact:

Howard Mortman
1776 I Street, N.W., #890
Washington, D.C. 20006
(202) 452-8200
FAX: (202) 833-0706

For You:

Call Empower America's audio hotline for free broadcast-quality comments on today's top issues.

1 (800) 437-0294
and
1 (800) 572-8928

For Your Listeners:

To join Empower America, call our toll free membership hotline.

1 (800) 932-2000



MEMORANDUM

1776 I Street, NW, Suite 890
Washington, DC 20006
(202) 452-8200

DATE: April 13, 1994
TO: Congressional Republicans
FROM: Empower America Co-Directors
William J. Bennett Jack Kemp Vin Weber
SUBJECT: House Republican Welfare Bill

Founding Chairman
Theodore J. Forstmann

Chairman
Malcolm S. Forbes, Jr.

Vice Chairman
Vin Weber

Directors
William J. Bennett

Joseph A. Cannon
Nicholas C. Forstmann
U.S. Congressman Newt Gingrich
Jack Kemp

Jeanne J. Kirkpatrick
U.S. Senator Trent Lott
Michael Novak
Jillian H. Robertson, Jr.
Donald H. Rumsfeld
Thomas W. Weisel

President
William A. Dal Col

Executive Director
Charles M. Kupperman

Today in Washington, House Republicans and conservative groups gather to discuss what constitutes *genuine welfare reform* and how best to fashion an alternative to President Clinton's forthcoming bill. This presents House Republicans with an extraordinary opportunity to reshape, substantively and politically, the welfare debate.

Being presented with an opportunity is one thing; seizing it quite another. And so we urge House Republicans to do what is both politically courageous and politically shrewd: *fashion a bold, principled and fundamentally different alternative to the current House Republican bill.*

Reform of the magnitude we endorse is possible only because of a remarkable (and remarkably rapid) shift in the welfare debate's center of gravity. Through a convergence of social science, public opinion and scholarly debate, we are at a point where *genuine and meaningful reform* can become legislative reality. We believe that four fundamental affirmations are central to revolutionizing welfare.

- **Addressing out of wedlock births:** Welfare, while it may not cause illegitimacy, is its economic lifeline. Illegitimacy and its attendant social pathologies are among the most serious threats to American society; addressing them head-on is increasingly recognized as the *sine qua non* of real welfare reform.
- **Serious work requirements:** Most welfare legislation offers only a symbolic nod in the direction of serious work requirements. But unless work is required for benefits, there will never be sufficient incentive to take, and hold, entry-level jobs.
- **Expand minority ownership and entrepreneurship:** Capitalism has not failed in the inner city; it hardly exists. There is a moral imperative to give to inner-cities the same economic opportunity now found in Eastern Europe.

the former Soviet Union, and affluent American suburbs. Economic opportunity ceases to exist without assets, credit, and capital.

- **Controls on spending:** The common denominator of every past welfare reform has been massive spending increases. (According to *The New York Times*, the Clinton administration's task force proposal to "end welfare" comes with a price tag of an additional \$58 billion.) If we are to revolutionize welfare, we must control runaway spending.

It would be irresponsible and politically unwise for Republicans to assist the President in perpetuating fraudulent welfare reform. Instead, they should move quickly to establish a clear demarcation between sensible, compassionate, incentive-oriented welfare reform on the one hand and a "Clinton as usual" plan on the other.

Our common concern is this: unless House Republicans craft legislation consistent with these affirmations, they will squander a defining moment in our national life. This is an opportunity in the realm of policy: it will allow Republicans to extend *real* compassion to the poor beyond the good intentions and destructive results of the past. It is an opportunity in the realm of politics: it will either discredit the moderate pretensions of the President, or fragment his fragile liberal health care coalition.

Policy Opportunity

In the past, poverty programs have been viewed as symbols of our commitment to compassion. To be in favor of more funding and more governmental involvement has been a matter of saluting these symbols. Recently, however, reality has intruded, revealing these symbols to be empty. But more than empty, these symbols have been destructive to the very people they were intended to help.

The House Republican bill falls short in three important areas:

1. It contains no serious attempt to curtail out of wedlock births. The bill requires minor mothers to live at home, establishes relatively strict paternity requirements and rather insignificant reductions in AFDC payments for some teen mothers. Its attempt to confront out of wedlock births by allowing states the option to deny welfare benefits to unwed teens is not significantly different from the *status quo*. While an improvement over what we now have, it would not fundamentally change the perverse incentive structure of the current welfare system that discourages marriage. Serious welfare reform requires the termination of direct cash benefits to young women who bear children out of wedlock.
2. Its work requirements are weak. The work provisions in the bill will not be fully implemented until the next century. More disappointing, by 1997, only a small percentage of the entire caseload will be working.

3. Its hidden costs are exorbitant. While the bill places a two percent plus inflation cap on the growth of AFDC and several other welfare programs, this is only accomplished by having the vast majority of its workfare provisions occur "off-budget." Since the Congressional Budget Office only scores budgets for the first five years, the bill waits until 1999 before kicking in most of the "workfare" requirements -- which cost \$6,000 per person to implement. In effect, Republicans will be signing off on a proposal that will cost exponentially more than it appears.

President Clinton's plan will be even less ambitious. Early indications from the White House suggest that the Clinton proposals will be similar to the House Republican bill, but will result in even more spending, increased government involvement, and expansion of the welfare roles.

We would like to see a comprehensive welfare approach that includes the following 12 proposals:

- Promote job creation with pro-growth, asset-based, entrepreneurial strategies. Economic institutions are some of society's most important mediating structures, creating hope as well as values. Meaningful reform, therefore, should include the elimination of capital gains taxes, the elimination of payroll taxes, and the promotion of commercial bank lending to minority entrepreneurs in blighted urban and rural areas. 1/3 ✓
- Introduce incentives to take and hold entry-level jobs. Make the reward for going to work higher than the reward for staying on welfare. To encourage the transition to gainful employment, all earnings up to a responsible level should be exempt from federal taxes (for example, 175 percent of the poverty level for a family of four). ✓
- Create a "work ethic state" in which welfare benefits for able-bodied adults are only given in exchange for work. Currently, welfare serves as an alternative to work and marriage. Placing work requirements on welfare recipients would make entry level jobs more attractive, while retaining a safety net. Legislation should require states to enact *serious and sensible* workfare requirements of 35-40 hours per week for all able-bodied welfare recipients in exchange for benefits. ✓
- Through block-grants, states should be allowed maximum flexibility to determine the nature of work requirements and the sources of jobs. The federal government cannot micro-manage work programs. States as diverse as Mississippi and New York need the freedom to tailor programs that meet their individual needs. Workfare experiments have shown that many of these jobs can be found with help from the private sector. ✓
- Expand low-income property ownership by privatizing public housing. We must promote low-income homeownership through a New Homestead Act that would cede ownership of public housing to low-income families. When people have a stake in their neighborhood, a sense of responsibility and community is regenerated beyond what government programs can create. ?

- **Impose greater accountability on welfare spending.** When President Johnson initiated the War on Poverty in 1965, welfare absorbed 1.5 percent of GNP. By 1992, it had grown to over 5 percent. With a \$305 billion price tag, welfare spending now amounts to \$8,300 for each low income individual in the U.S.. Congressional Budget Office figures project total welfare costs rising to \$500 billion by 1998, about 6 percent of GNP. Welfare spending has gone largely unchecked and even undebated because the system is funded as an entitlement. Future aggregate welfare spending must be capped. Many current welfare entitlement programs should be converted into discretionary accounts. And states should be given far greater discretion in how the funds would be spent.
- **Dramatically ease restrictions on adoption.** There are over 1 million couples that want to adopt each year, but only 50,000 are allowed to. Restrictions on inter-racial adoptions should be dropped. Current restrictions place unnecessary pressure on the foster-care system and deny countless children the nature of a loving home.
- **Promote educational choice for low-income parents.** Create extensive school choice demonstration programs in at least 25 urban centers targeted at low income parents (up to 175 percent of poverty). Parents participating in the program should be given the option of choosing to put their child in a public, private, or religious school.
- **Limit direct welfare payments to women who have children out of wedlock.** A cornerstone of reform should be that direct welfare payments that subsidize illegitimacy must end. Such subsidies are closely associated with the formation of crippled economic and social units. The problems of illegitimacy are most severe for younger unmarried women. Therefore, beginning a year after the enactment of legislation, women under 21 who have children out of wedlock would be ineligible for direct welfare payments.
- **Hold fathers responsible for the support of their children.** As a matter of equity, fathers must be financially accountable to their children. Child support is both a deterrent to out of wedlock births and a moral obligation. Aggressive child support enforcement should include routine withholding from paychecks and the adoption of a presumptive percentage income standard for child support (e.g. Wisconsin has set a 17% standard for the first child).
- **Block-grant savings to states to provide help and parental training, not cash, to women who have children out of wedlock.** Money saved by cutting cash payments to women who have children out of wedlock should be given to the states in block-grants. These funds could be used to promote adoption, fund maternity group homes for young mothers in danger of abuse, and/or establish compassionate homes for abandoned or abused children.
- **Terminate the increase in benefits for women who have children while participating in welfare programs.** The incentive to have additional illegitimate children must be ended. If a woman has another child while on welfare, there will be no increase in benefits.

Which is
tougher -
no \$ or
making people
work?

Benefits will not be reduced, but we must not continue to subsidize the birth of children out of wedlock.

Political Opportunity

This is a moment when good public policy is also good politics. Republicans must begin by preventing the President from packaging *status quo* policies as major reform. This can only be accomplished by *sharpening* policy differences, not by blurring them with tepid legislative compromises.

The President finds himself in a political bind. He can maintain his liberal political coalition, essential for his health care plan, by proposing liberal welfare policies. If he goes down this path, however, he will (a) betray his campaign promise to "end welfare as we know it;" (b) shatter once and for all the myth that Bill Clinton is a "new Democrat;" and (c) reveal his true political ideology.

Or, the President can risk fracturing his liberal political alliance by adopting a marginally more conservative approach -- one that does not go far enough to reform welfare, but one that does go far enough to offend his allies on the left. For a sneak preview, one need only consider the angry response from the Children's Defense Fund in response to the Clinton task force proposals.

We do not believe it is the duty of House Republicans to rescue Bill Clinton from problems of his own making.

Conclusion

Our welfare system is an example of how the most important form of capital -- the capital of the human spirit -- can be squandered in the course of a few generations. Our best intentions were transformed into an assault on human dignity because we ignored the incentives of the market, the urgency of virtue, and the desire of all people to improve their lot in life.

To be rich in America, as Lincoln said, means to be rich in opportunity. It is not just material poverty to which our liberal welfare state has consigned the poor; it is a poverty of opportunity.

But this is a unique moment -- not just for thoughtful conservatives to raise their voices, but to raise their sights. It should be our goal to build a coalition of conscience that will inspire both economic and moral hope. We need to concentrate, not only on the cause of poverty, but the causes of individual success. This is the standard by which we must ultimately judge welfare reform.

WR-GOP

FOR IMMEDIATE RELEASE
12 MAY 1993

CONTACT: Ron Haskins 225-4021
Mike Hershey 225-2135

HOUSE REPUBLICANS INTRODUCE BILL TO REFORM MAJOR WELFARE PROGRAM

"Supplemental Security Income might be the most wasteful program in the entire federal government," said Rick Santorum (R-PA) who, along with several other Republicans, will introduce legislation today designed to radically reform the SSI program. "And yet, Democrats are blocking almost every attempt we make to end the waste," he added.

Spending in the SSI program has increased rapidly in recent years, rising from about \$13 billion in 1983 to over \$29 billion in 1994. Growth has been exponential, rising more than \$10 billion in just the last 3 years. The spending explosion can be traced to unprecedented increases in the number of noncitizens, the number of children, and the number of alcoholics and drug addicts coming onto the SSI rolls. Bill Thomas (R-CA), a senior member of the Ways and Means Committee and one of the major authors of the legislation, pointed out that the Committee has heard extensive evidence that severe abuses are occurring among each of these three population groups.

A particularly disturbing example of abuse was called to the Committee's attention by George Gekas, (R-PA). Mr. Gekas gave the Committee a letter from lawyers to prisoners on what steps the prisoners should take to apply for SSI upon their release.

The first and, in budget terms, most important section of the bill eliminates SSI benefits for most noncitizens. After steep rises in recent years, the number of noncitizens on SSI reached 700,000 this year. By ending SSI benefits and, in most cases, Medicaid for noncitizens, the Republican bill would substantially reduce the SSI rolls. The Congressional Budget Office estimates that this single reform would save over \$1.5 billion during the next 5 years, and \$4.4 billion in the final year.

The second major section of the bill dramatically alters the SSI program for alcoholics and addicts. "The SSI program for addicts has been one of the fastest growing sources of spending in the federal budget for the past three or four years," said Wally Herger (R-CA), another Ways and Means member sponsoring the legislation. The number of alcoholics and addicts drawing SSI benefits has doubled to 78,000 in the last year alone. "Apparently the word is getting around," said Herger.

Recent hearings by the Ways and Means Committee have shown that very few addicts receiving SSI are participating in treatment programs as required by law. Rather, they appear to be receiving the cash SSI benefit of about \$450 per month and

- 2 -

using the money to purchase drugs. "The use of federal tax dollars to subsidize the drug habit of addicts is unconscionable," said Clay Shaw (R-FL), another member of the Ways and Means Committee, "especially given the fact that, according to the Social Security Administration, few addicts ever leave the SSI rolls. Once addicts get on SSI, it becomes a permanent source of money to support their drug habit."

The Republican bill would limit receipt of SSI by addicts to three years, would require addicts to submit to drug tests and temporarily end their cash benefit if they test positive for illegal substances, would penalize addicts for not sticking with their treatment program, and would strengthen a program requiring that the cash SSI benefit be paid to a third party rather than directly to the addict. These provisions are estimated by CBO to save about \$130 million over 5 years.

"Perhaps the most delicate issue of SSI reform is the provision for children," said Jim McCrery (R-LA), a member of the Ways and Means Committee and the prime author of the bill's provision on children.

"Although the SSI children's program is filled with abuse, some members of Congress are reluctant to propose reform legislation for fear that they will be accused of being anti-child. But through hearing from those who see the abuses first hand, we realize that we must do something or we actually will be anti-child," added Ways and Means member Dave Camp (R-MI).

Recent stories in the press and on TV news magazines have highlighted the unusual legislative history of the children's benefit. "When SSI was passed back in 1972, a mere 26-word section was slipped in during the House-Senate conference that made children eligible for the benefit. The provision received virtually no discussion by the committees of jurisdiction or on the floor of either House," said Nick Smith (R-MI) who has introduced legislation of his own addressed to children's SSI benefits.

Now there is widespread abuse of the program. Democrat members of Congress have told the Ways and Means Committee that they are getting reports of parents tutoring their children to act out in school so they can qualify for the \$450 per month cash benefit, which also carries eligibility for Medicaid health insurance. After a 1990 Supreme Court decision, SSI administrators loosened eligibility requirements for children, especially those who have hard-to-measure impairments such as attention deficit disorder.

"The result," according to Ways and Means member Nancy Johnson (R-CT), "has been a surge in child recipients, from a little over 300,000 in 1990 to nearly 800,000 in 1993. By limiting the benefit to a voucher for treatment rather than

- 3 -

cash, we will restore the original intent of the legislation and save taxpayer dollars at the same time."

Bill Archer (R-TX), the senior Republican on the Ways and Means Committee, complimented Republicans on the Committee for their timely efforts to restore confidence in a severely abused federal program. "We always hear that entitlement programs cannot be controlled," said Archer, "but this legislation shows that meaningful but appropriate cuts are possible."

"Of course," Archer added, "Democrats often stand in the way of these favorable initiatives. Last week the Ways and Means Committee defeated, on almost straight party-line votes, both the provision on immigrants and the provision on children. Similarly, the President, who continues to say he intends to end welfare as we know it, apparently is surrounded by aides who cannot spell SSI -- at least virtually no mention of this vastly inefficient program has appeared in any of their documents. What a shame that Congress appears likely to once again ignore a vast waste of taxpayer dollars by blocking Republican attempts to reform the program."

The Congressional Budget Office estimates that the Republican bill would save about \$16 billion over 5 years.

Original cosponsors of the SSI reform bill:

Rick Santorum (R-PA), Bill Archer (R-TX), Newt Gingrich (R-GA),
Bill Thomas (R-CA), Wally Herger (R-CA), Jim McCrery (R-LA),
E. Clay Shaw (R-FL), Nancy Johnson (R-CT), Dave Camp (R-MI),
Michael Castle (R-DE), George Gekas (R-PA), and Nick Smith (R-MI)

Outline of Santorum et al. SSI Bill
May, 1994

- Title I: Noncitizens
Title II: Drug Addicts and Alcoholics
Title III: Children
Title IV: Fraud

Title I: Noncitizens

1. With the exceptions noted below, noncitizens are made ineligible for the Supplemental Security Income program under Title XVI of the Social Security Act.
2. Exceptions:
 - Refugees admitted under section 207 of the Immigration and Naturalization Act are subject to the provisions of this title only after they have resided in the United States for 6 years.
 - Aged over 75 years of age if lawfully admitted and a resident for at least 5 years.
 - Noncitizens now residents in the U.S. are not subject to the provisions of this title for 1 year; the Social Security Administration must notify noncitizen recipients of SSI that they will be dropped from the program in 1 year.

Title II: Drug Addicts and Alcoholics

1. Drug Testing & Follow Up: Illegal Drugs and Alcohol
 - The Secretary must identify all SSI recipients whose disability is a result of addiction to illegal drugs or alcohol.
 - These addicts must then be subject to random drug tests to determine whether they are using illegal drugs or alcohol.
 - Any person testing positive for illegal drugs or refusing to take the test must be dropped from SSI for at least 12 months.
 - Any alcoholic testing positive for alcohol or refusing to take the the test must be dropped from SSI for at least 6 months.
 - Former recipients expelled for taking illegal substances or alcohol can be readmitted to SSI after a year if they have passed 2 drug tests at least 2 months apart; addicts and alcoholics must pay for the drug tests themselves.
2. Medicaid Eligibility Recipients who lose their SSI benefits because of positive drug tests are deemed eligible for Medicaid.
3. 3-Year Limitation on Disability Benefits Any persons admitted to the SSI program as a result of alcohol addiction or addiction to illegal substances cannot receive cash benefits for more than 3 years (not necessarily consecutive).

4. Representative Payees

- Government agencies are permitted to serve as Representative Payees for the purpose of receiving and disbursing the cash SSI benefit to addicted recipients.
- Agencies can charge a fee of up to 10% of the SSI benefit.
- In selecting Representative Payees, the Secretary must give first priority to state or local government agencies; if they refuse, second preference must be given to community nonprofit social agencies licensed or bonded by the state; if local social agencies refuse, individuals may be permitted to serve.

5. Penalties for Not Continuing in Treatment

- Addicts on SSI are now required by law to participate in treatment
- Under the new provision, addicts who do not participate satisfactorily in their treatment program are sanctioned:
 - a) for the first offense, the sanction is termination of cash benefits until the recipient resumes treatment for 2 months;
 - b) for the second offense, the sanction is termination of cash benefits until the recipient resumes treatment for 3 months;
 - c) for the third and subsequent offenses, the sanction is termination of cash benefits until the recipient resumes treatment for 6 months

Title III: Children

1. The SSI cash benefit for individuals under age 18 is terminated.
2. Children who qualify for SSI retain their entitlement to Medicaid.
3. Children who qualify for SSI will also be given a voucher that can be used to purchase any service, device, aid, physical renovation of their home, or other item included in the 70 items defined by the Internal Revenue Service as legitimate medical expenses for the medical expense tax deduction and not covered by the Medicaid program. The maximum value of the voucher is equal to the monthly SSI benefit for individuals.
4. Within 6 months of passage of this legislation, the Secretary must establish and disseminate the details of the voucher program, including the mechanism for distributing and redeeming the voucher.

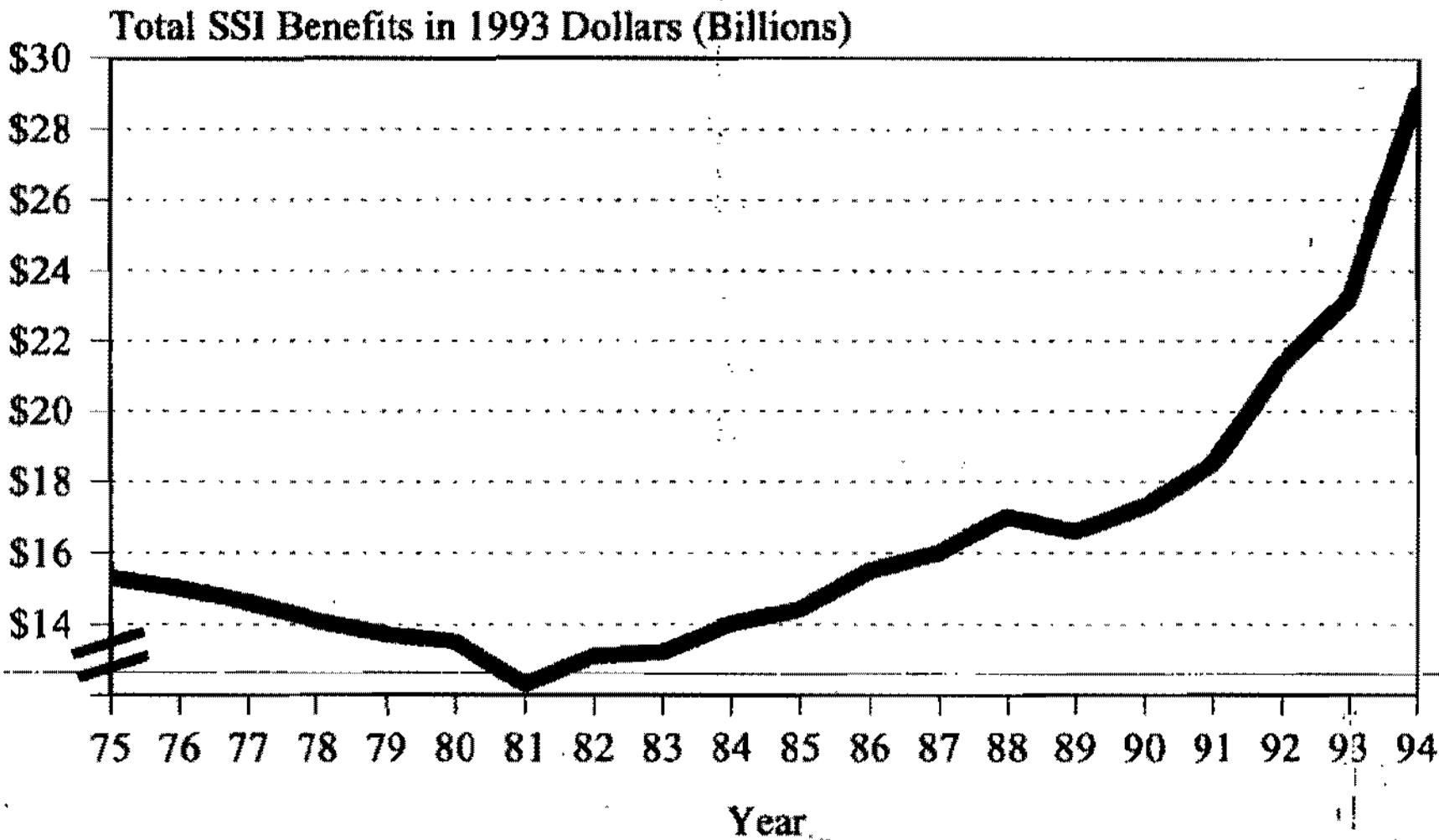
Title IV: Fraud The Social Security Administration (SSA) must modify its fraud detection procedures in several ways:

1. Third-party translators (who help non-English speaking immigrants apply for SSI) must certify under oath that their translations are accurate.
2. SSA is given the authority to impose civil penalties against translators, medical professionals, and recipients who engage in fraudulent schemes designed to illegally enroll people in SSI.

3

3. SSI fraud is elevated from a misdemeanor to a felony.
4. SSA is given broader authority to reopen cases suspected of fraud and to quickly terminate fraudulent cases.
5. The Inspector General of HHS must provide the Secretary with identifying information on individuals suspected of fraud.
6. SSA must report to the Ways and Means Committee on an annual basis the extent to which it has used its authority to review potentially fraudulent cases.
7. The Social Security Administration must develop profiles of the kinds of cases that have a high probability of fraud, and must conduct periodic targeted redeterminations based on the profiles.

Total SSI Benefits in Constant Dollars, 1975-1994



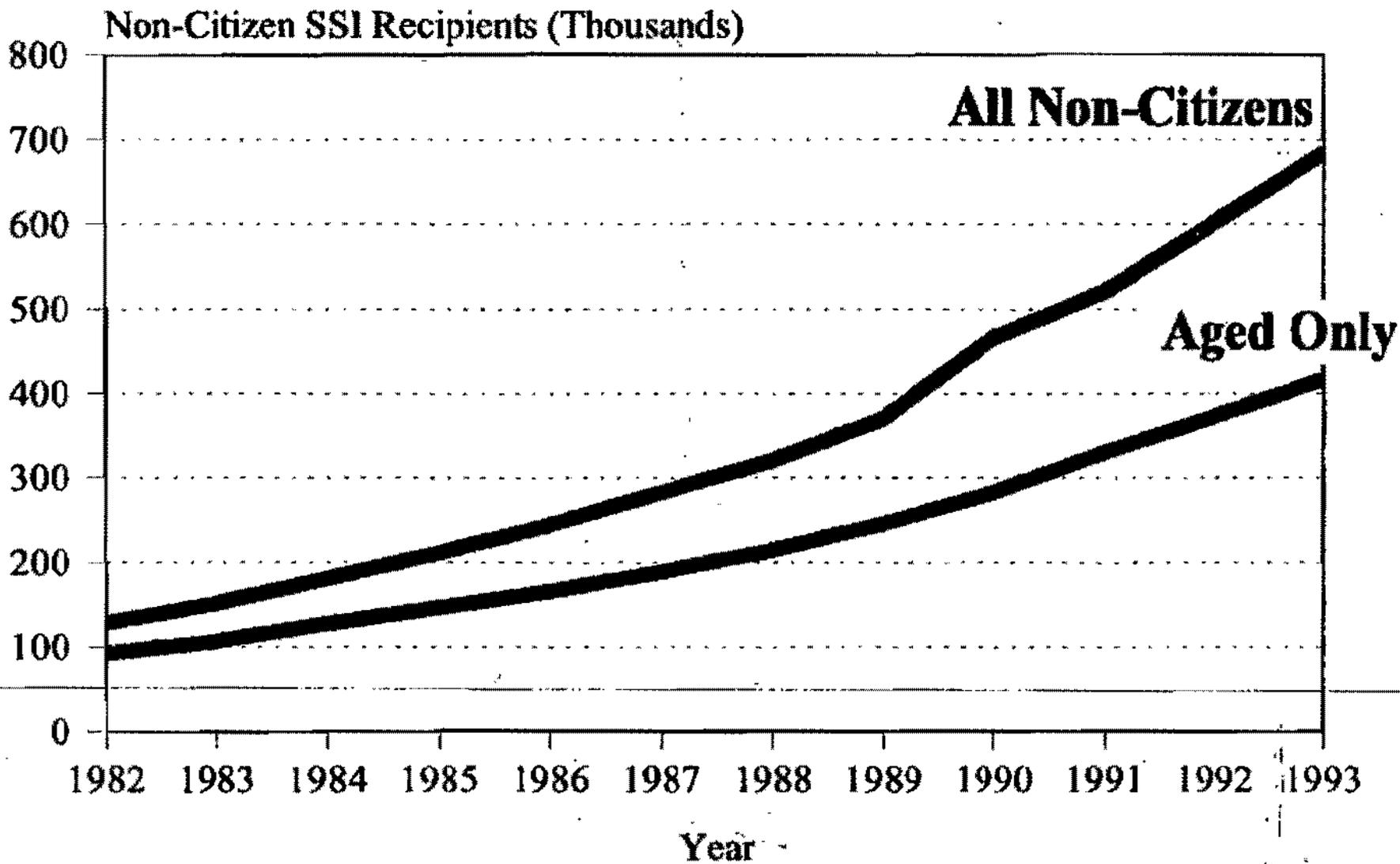
Source: Green Book, 1993, pg. 867

MAY P.08/12

TD

MAY-12-1994 14:26 FROM

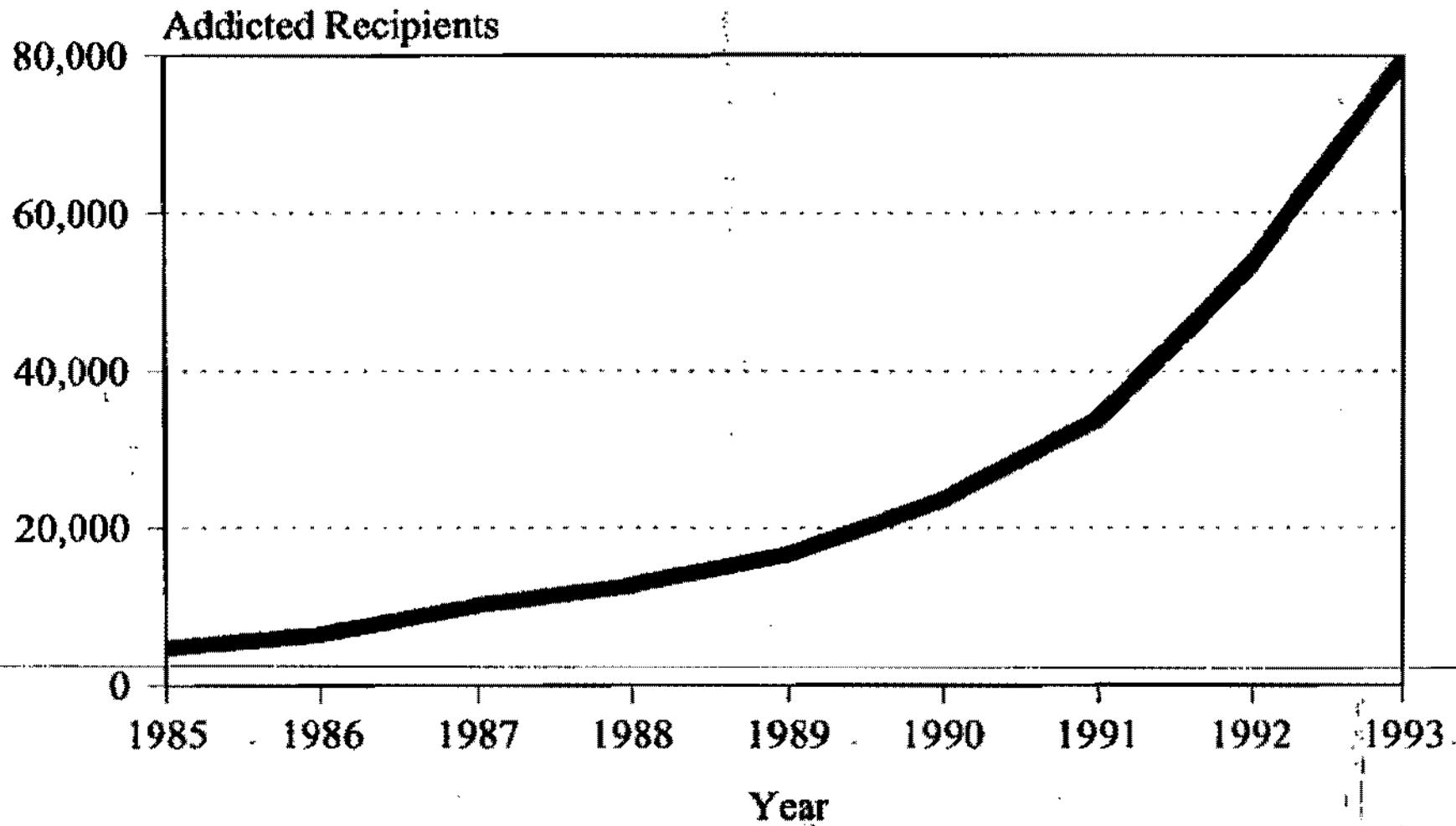
More and More Non-Citizens Receive SSI



Source: Department of Health and Human Services

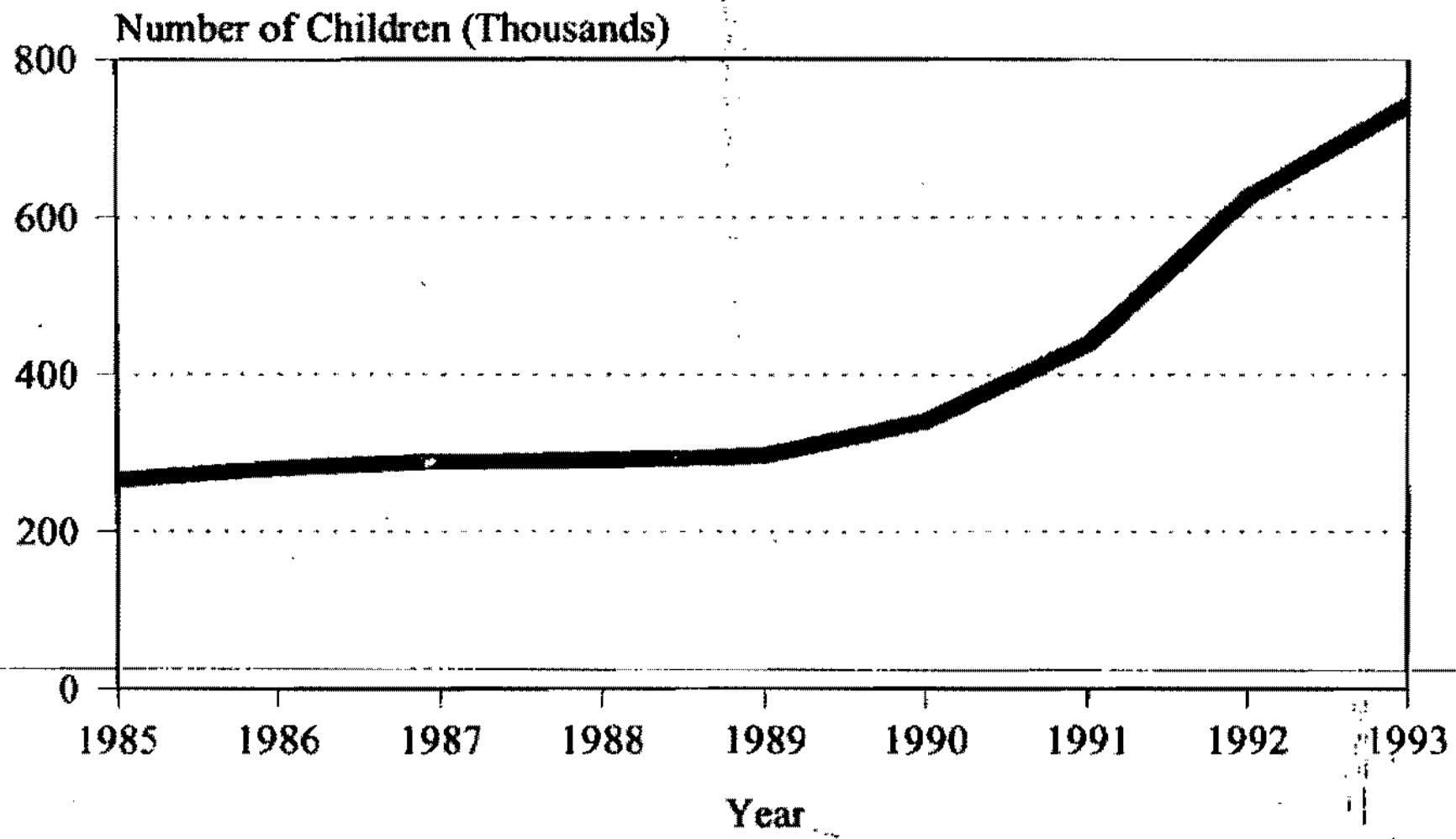
MAY-12-1994 14:26 FROM TO

Explosion of Drug Addicts Receiving SSI, 1985-1993



Source: Social Security Administration

Children Receiving SSI Benefits, 1985-1993



Source: Congressional Budget Office.

MAY-12-1994 14:26 FROM TO P.11/12

It's called SSI, and it may be our worst social program

By Rick Santorum

House Republicans are today inventing what is probably the most important piece of social legislation, other than health care, to be considered by Congress this year. As part of the sound and fury over welfare reform, with the exception of a few articles on life nation's national pages, virtually no one is discussing changes in an obscure welfare program called Supplemental Security Income (SSI).

Some obscure SSI is costing taxpayers \$29 billion a year, up more than \$10 billion in constant dollars in just three years. And yet few Americans even know what SSI entails.

Rick Santorum, Republican of Pennsylvania, is the senior Republican on the welfare subcommittee of the House Ways and Means Committee.

Created by Congress in 1972, Supplemental Security Income provides supplemental benefits for the aged, blind, and disabled individuals who are not eligible for Social Security benefits because of age and physical or mental incapacity.

SSI is costing taxpayers \$29 billion this year, up more than \$10 billion in constant dollars in three years.

Supplemental Security Income provides supplemental benefits for the aged, blind, and disabled individuals who are not eligible for Social Security benefits because of age and physical or mental incapacity.

minimum of \$12,000 per year, much more for couples. SSI beneficiaries with health care are divided by three primary demographic groups. The first and most abundant group is adults. SSI law stipulates that people with drug or alcohol addictions that are severe enough to interfere with their ability to work are by definition disabled and therefore eligible for SSI benefits. These adults may be disabled, but they are not on speed out to recognize a good deal when they see one. In 1993 there were 4,700 adults on SSI; by the end of 1993 that number had grown to 79,000. The need is getting worse.

Before it gets worse, much more, Congress must question the very basis of SSI policy on adults. Giving money and health insurance to people because they have diagnosed themselves by using drugs is a cruel social policy because it leaves productive citizens to reward other people for rotten behavior.

Two changes make sense. First, we should subject people who have drug-related conditions to periodic blood tests. If they test positive for illegal substances, they should be dropped from SSI. Second, the SSI benefits should be converted from cash to vouchers for treatment, counseling each to addicts does not address their major problem, and, in fact, enables them to continue and even intensify their drug habit. The second demographic group is children. Since 1980, the number of children receiving SSI has increased from 287,000 to about 650,000.

Why children are even eligible for SSI is something of a mystery. The underlying concept of SSI is that if people are too old or too disabled to work, SSI provides a substitute for wages. But children are not expected to work; the basic rationale of SSI doesn't fit.

Where, several congressional Democrats have testified recently that families in their districts are punishing their children to get as if they have a disability — particularly attention and behavioral disorders — so they can qualify for SSI cash and medical care. These abuses of the program have been encouraged by recent changes in the rules under which children's SSI eligibility is determined. Even if children can now qualify if they cannot engage effectively in age-appropriate activities.

An additional problem with providing cash to families because they have a disabled child is that there is no assurance that the cash will actually be used to help the disabled child. The concern of Con-

gress is to help disabled children get treatment for their condition at a reasonable expense. That, we should consent, the establishment for each has vouchers for treatment, counseling and other services to be used for the individual's benefit.

Taken together, the SSI reforms we are introducing today would cut the budget deficit by a minimum of \$30 billion over the next five years.

In order to receive the cash benefits, people want to deprive children of needed treatment, but cash subsidies for other family spending is not what Congress intended.

The third demographic group is non-chicanos, immigrants to America for opportunity, not welfare. We often hear the phrase "pull yourself up by the bootstraps" and copy language from the world's most paralytic economies. However, until you become a citizen, you must support yourself or be supported by a sponsor who signs an affidavit agreeing to meet your basic needs.

And yet, through the typically hasty legislative process, Congress also allows illegal aliens to qualify for welfare benefits in SSI and several other programs. The result in 1993 there were about

126,000 non-citizens on SSI. Last year there were 483,000, 60 percent of whom were Mexican. Citizens, non-citizens are automatically eligible for Medicaid. Most are also eligible for Food Stamps. It is no surprise that we spend around \$4 billion per year on welfare benefits for immigrants.

The solution to the hemorrhaging of our dollars is simple: End welfare for non-citizens. Period. But, the deal we offer immigrants does not guarantee access to welfare benefits. In fact, deportation for accepting public aid has always been a tacit tenet of American immigration policy. The bill Republicans are introducing today will allow the federal government to bill us per year by ending taxpayer responsibility for giving SSI payments to non-citizens. Subsequent legislation could go further.

Democrats in the administration and on Capitol Hill seem reluctant to address the SSI issues. Democrats on the House Ways and Means Committee rejected nearly all these proposals when Republicans offered them last week, thereby blocking what might be the last chance of House action on SSI this year. Similarly, the administration has been flooding welfare reform proposals for several weeks, but so far not a word about the billions in wasted SSI spending.

The best place together, the SSI reforms we are introducing today would cut the budget deficit by a minimum of \$30 billion over the next five years. Equally important, they would prevent the federal government from inflicting additional harm on the very people the SSI program is supposed to help.

WR-60P

**TALKING POINTS on H.R. 3500
FISCAL IMPACT OF THE HOUSE REPUBLICAN WELFARE REFORM PROPOSAL
ON STATES AND LOCALITIES**

President Clinton has sought to reform welfare for years and we are pleased that Republicans have developed legislation which shares many of our priorities. President Clinton sponsored innovative programs as Governor of Arkansas and was instrumental in passage of the Family Support Act of 1988.

The Republican legislation is proof that the consensus on the need for reform reaches across party lines. Everyone--Democrats and Republicans, administrators and recipients--agrees that we must reform the welfare system. It doesn't work, and it doesn't reflect the values of work and responsibility.

The Republican legislation includes many elements of the plan that President Clinton has already outlined. Both emphasize the values of work, family, opportunity, and responsibility. Both make public assistance a transitional benefit leading to mandatory work; emphasize parental responsibility and delaying sexual activity; and provide funding for education, training, child care, and job creation.

However, there are significant differences between our plan and the House Republican bill--differences that could have a significant negative fiscal impact on state and local governments.

The Clinton plan will protect states while increasing state flexibility. The House Republican bill contains many elements that are likely to shift costs dramatically to state and local governments and to their taxpayers.

Increasing Participation Rates

- The House Republican bill raises minimum participation rates for work and training programs to an unrealistically high level of 90% by 2002. This requirement places a significant burden on states. It represents an 8-fold increase from current participation levels (11%) in 8 years. While states will only be required to serve participants for an average of 10 hours per week, states would be forced to increase spending levels considerably to meet this requirement. Even though state costs will increase, the bill does not provide for any increase in matching federal dollars for these programs, child care, or other services.

Eliminating Benefits

- The House Republican bill would eliminate benefits for single teenage parents. Elimination of benefits could increase homelessness and the need for foster care, and would create a greater strain on states' social service systems.

Restricting Services to Legal Immigrants

- The House Republican bill would eliminate all benefits for non-citizens, except permanent aliens and refugees. States understand that this harsh measure would result in a massive cost-shift to state and local services.

Combine Nutrition Assistance into a Capped Block Grant

- The House Republican bill proposes combining all nutrition assistance programs into a capped block grant, significantly reducing Federal spending on nutrition assistance (by \$2 billion starting in FY 1995). This would result in a large cost-shift to states.
- In addition, the nutrition assistance block grant apportionment does not allow for state flexibility, and does not take into account varying economic conditions. Consequently, it would penalize those states which have engaged in anti-poverty measures and/or have a smaller percentage of their citizens living in poverty.
- Future adjustments to the size of the block grant is based on change in population, which may not reflect change in the size of the eligible/needy population.
- The block granting of nutrition assistance programs is restrictive and results in poor targeting of resources. Mandatory funding allocations leave remaining resources well below the amounts needed to operate the Food Stamp and other nutrition assistance programs adequately, and could result in substantial costs to states.

Limiting Other Entitlements

- The House Republican bill caps outlay growth in AFDC, SSI, public housing, Section 8, Food Stamps, and EITC at 2% per year plus inflation. This could greatly reduce the ability to operate these programs effectively and might result in great cost shifting to states.

Slowing the Simplification and Streamlining of Government Assistance

- The bill fails to address the numerous difficulties that States encounter due to varying and contradictory program and eligibility requirements across Federal assistance programs.
- The House Republican bill keeps systems complicated by delaying nationwide implementation of Electronic Benefit Transfer (EBT) for at least five years.
- The bill does not address the need for technical assistance and resources to enable states to completely and successfully implement the programs. Under this proposal, states themselves would have to supply resources in order to have the management information systems and capabilities need for a time-limited transitional program. These costs could be substantial.

FOR IMMEDIATE RELEASE
10 NOVEMBER 1993

CONTACT: Amy Tucci 225-4021
Trish Brink 225-5951

HOUSE REPUBLICANS UNVEIL WELFARE REFORM PACKAGE

House Republicans today introduced a sweeping package of welfare reforms that save taxpayer dollars while empowering welfare recipients to become self-sufficient. The legislation would prepare mothers and fathers on welfare for the workplace, require parents to return to work after a maximum of two years of receiving benefits, establish tough paternity standards to assist in child support enforcement, and end welfare benefits for most alien U.S. residents.

"The Republican Task Force on Welfare Reform chaired by (U.S. Reps.) Tom DeLay and Rick Santorum deserves a lot of credit for tackling the difficult problems of welfare reform and providing a tough but compassionate approach to controlling burgeoning welfare rolls and costs," said House Republican Leader Bob Michel.

"Candidate Clinton promised to end welfare as we know it by requiring work. But he has done little to deliver on his promise. Our bill gives him an opportunity to get the reform process moving," said House Republican Whip Newt Gingrich.

The legislative package, co-sponsored by 160 House Republicans, was designed by a leadership-appointed task force of 14 Members, including several from the House Ways and Means Committee. The package was approved by the full House Republican Conference on October 13, making it the official policy position of House Republicans.

"This bill emphasizes the view that the majority of people now on welfare want to support themselves and their families and will do so if given the proper encouragement and support," said U.S. Rep. Rick Santorum (R-PA), co-chair of the task force. "Republicans want to provide the needed balance between new benefits to support the transition to the workplace and new requirements for benefits to motivate some welfare recipients."

"We are anxious to learn how President Clinton will back up his promise to end welfare as we know it," added U.S. Rep. Tom DeLay (R-TX), task force co-chair. "This legislation goes a long way toward helping provide those who are trying to work their way out of the system an opportunity to develop a sense of self-worth and dignity."

U.S. Rep. E. Clay Shaw (R-FL), a senior member of the task force, compared the politics of welfare reform to the politics of NAFTA. "Because a majority of Democrats are almost certain to oppose serious reform," said Shaw, "the President will

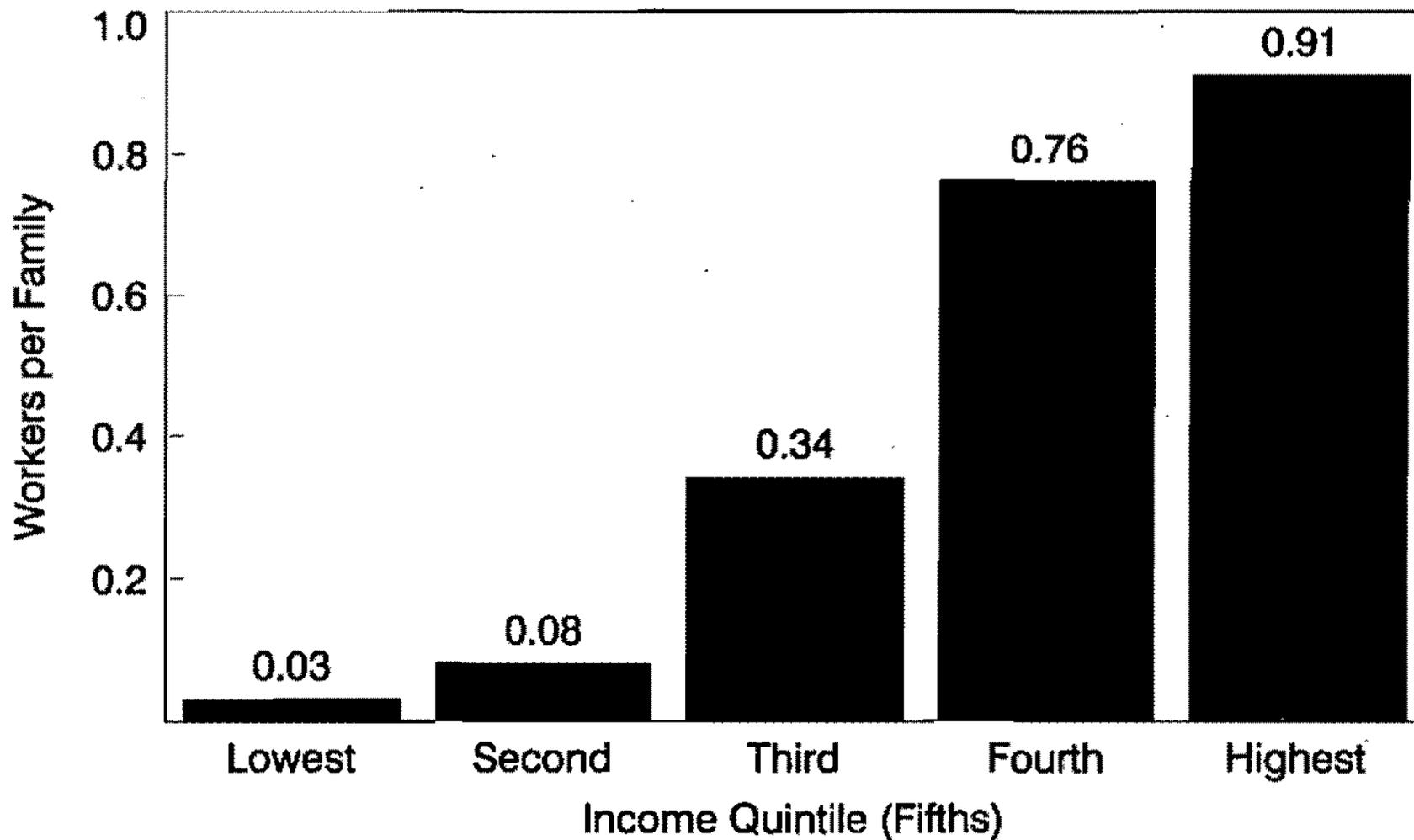
need overwhelming Republican support if he wants to actually do something about the welfare tragedy."

Highlights of the bill:

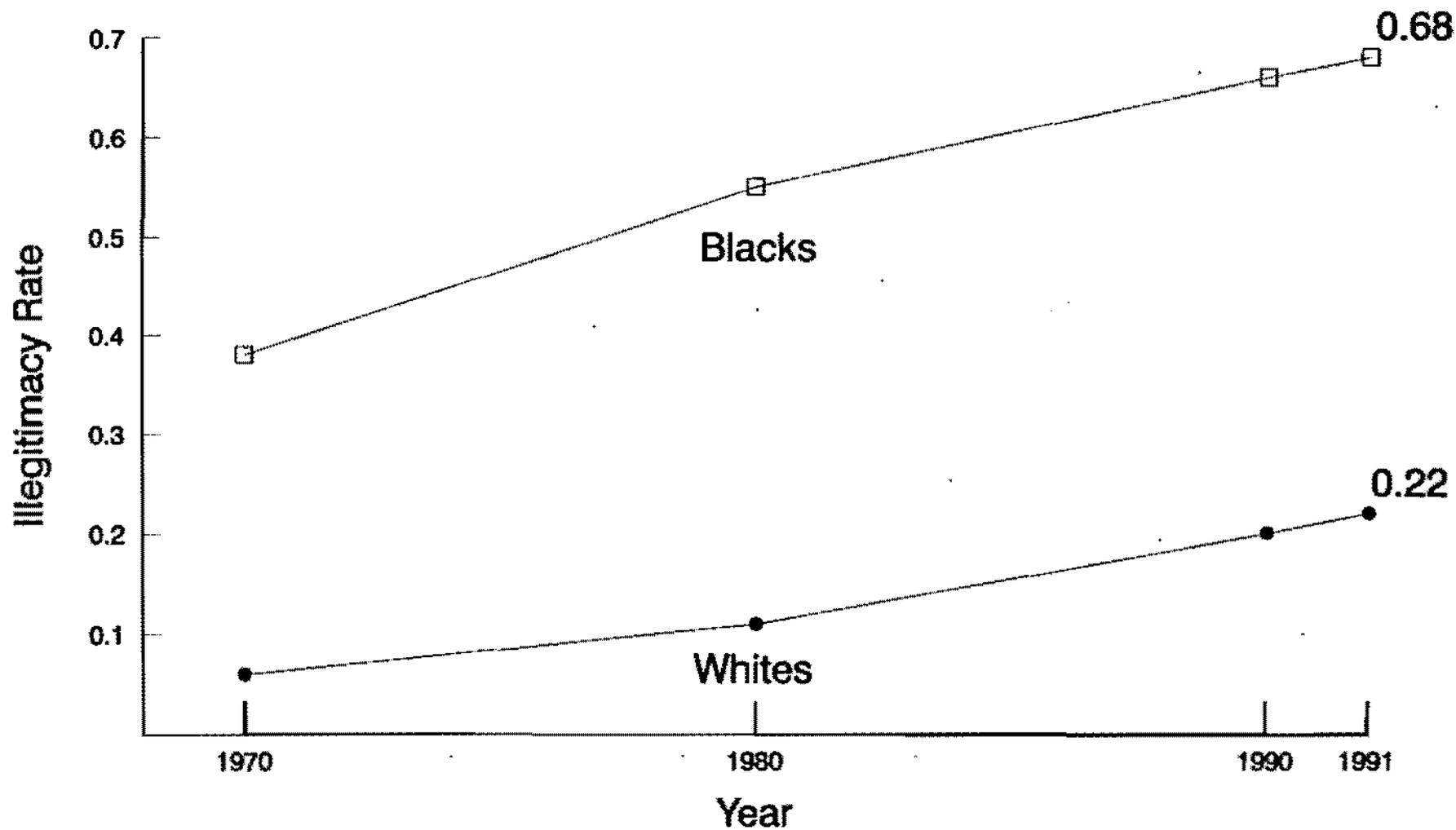
- o Requires 90% of those who receive Aid to Families with Dependent Children (AFDC) for two years or more to work for their benefits. This provision attacks long-term welfare dependency while promoting self-sufficiency and self-worth;
- o Emphasizes the responsibility of fathers to support their children. These provisions include new standards for paternity establishment, requirements for job search by unemployed fathers, and mandatory work;
- o Establishes tough new standards to combat illegitimate births. The bill encourages states to refuse welfare to unmarried parents, requires unmarried minor mothers who do receive welfare to live with their parents, and reduces federal payments to states that do not achieve high rates of paternity establishment;
- o Ends welfare for most non-citizens. The bill offers a one-year grace period after which most resident aliens receiving benefits from AFDC, food stamps, Medicaid, Supplemental Security Income (SSI) and other welfare programs would be dropped from the rolls.
- o Establishes a more effective welfare system that costs less while providing education, work-skills training, work experience, and job search programs for needy parents;
- o Accomplishes and pays for the reform measures outlined above while saving \$20 billion over 5 years.

#####

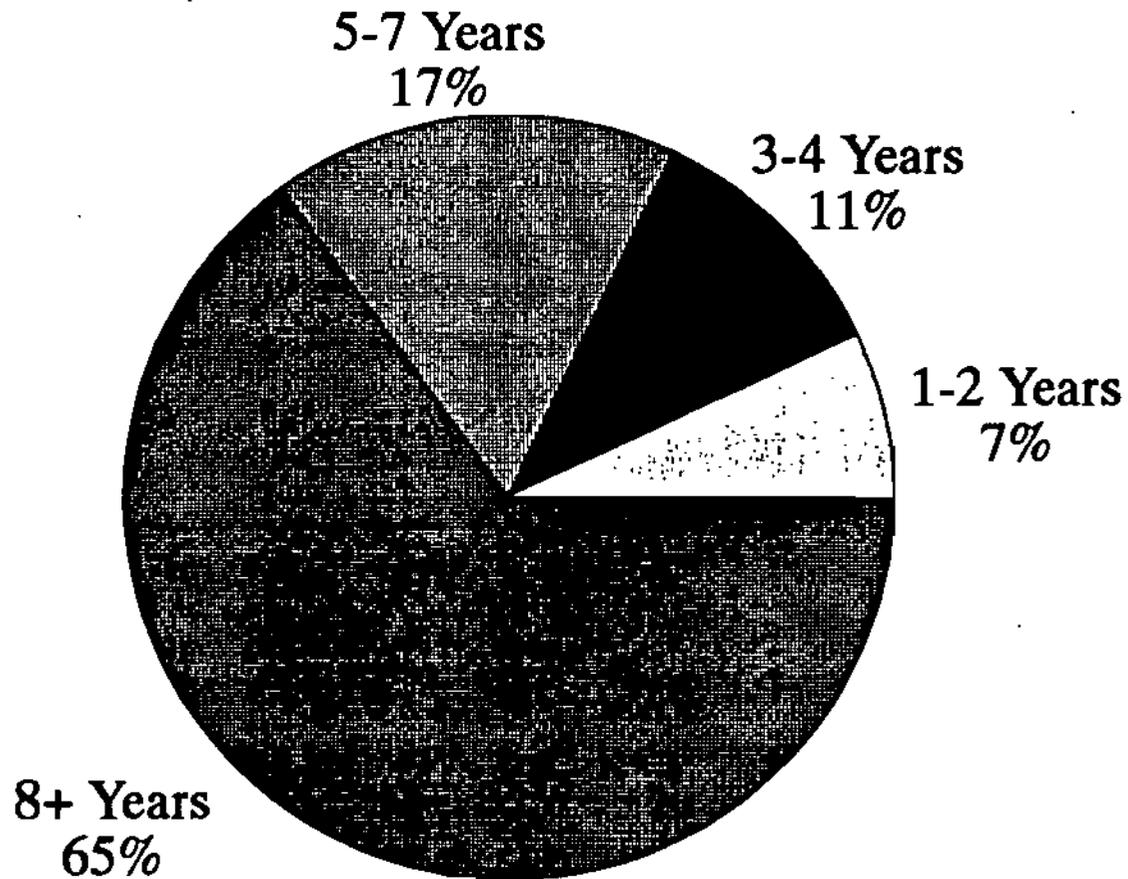
Number of Full-time Workers per Female-Headed Family by Income Level



Illegitimacy Rates for White and Black Births, 1970-1991



WELFARE AS WE KNOW IT: Long-Term Dependency



Source: David Ellwood

Major Provisions of Republican Welfare Reform Bill

1. Require Work
2. Require paternity establishment
3. End welfare for aliens
4. Promote state and local control
5. Save \$20 billion

President Clinton's Comments on Welfare Reform
February 2, 1993

"We will scrap the current welfare system and make welfare a second chance, not a way of life. We will empower people on welfare with the education, training and child care they need for up to two years so they can break the cycle of dependency."

Putting People First

"Responsibility starts at the top...An America where we end welfare as we know it. We will say to those on welfare, you will have and you deserve the opportunity through training and education, through child care and medical coverage, to liberate yourself."

July 16, 1992
Democratic Convention

"...we are going to end this system of welfare as we know it, we will invest more in your education and training and support for your children. But then you must work. We have got to end the system as we know it."

June 3, 1992 Speech
Los Angeles, CA

"Most people who are trapped on welfare and don't go to work don't do it because they have no education, they have no skills."

April 22, 1992 Speech
University of Pittsburgh

"A strict time limit for AFDC recipients, coupled with a real commitment to help them support their children, provide them the education and transportation they need, would literally make welfare what it ought to be, a temporary hand to people who have fallen on tough times."

September 11, 1992 Speech
Jonesboro, GA

"I know a lot about the welfare system...I hate it. I want to change it...The people who are trapped in it, they hate it, too. It's like being caught on a reservation and kept in dependency. And it's no good for anybody."

April 22, 1992 Speech
University of Pittsburgh

"I have found all over America that people know they need independence, not dependence. They want a hand up, not a handout. They want empowerment, not entitlement. But somebody's got to get about the business of doing it and quit talking about it."

September 16, 1992 Speech
Los Angeles, CA

"We must break the permanent culture of dependence which embraces 20-25 percent of those on public assistance."

May 6, 1992, ANPA Speech
New York, NY

Republican Task Force Welfare Reform Bill
 Summary of Preliminary CBO Estimates*
 October, 1993

Provision	Year					Total
	94	95	96	97	98	
A. Savings						
Welfare for Noncitizens						
Food Stamps	-	0.4	0.8	0.8	0.8	2.8
AFDC	-	0.1	0.3	0.3	0.3	1.0
SSI	-	1.2	2.5	2.7	3.0	9.4
Medicaid	-	0.9	2.1	2.4	2.7	8.1
Paternity Establishment	0.1	0.2	0.4	0.4	0.4	1.6
Food Block Grant	2.2	2.0	1.4	1.4	1.3	8.3
Subtotal	2.3	4.8	7.5	8.0	8.5	31.1
B. Spending						
State Options**	-0.1	-0.3	-0.3	-0.3	-0.3	-1.3 = ?
Work Programs	-	-	-1.0	-1.5	-2.7	-5.2
Day Care	-	-	-0.7	-1.4	-3.0	-5.1
Subtotal	-0.1	-0.3	-2.0	-3.2	-6.0	-11.6
TOTAL	2.2	4.5	5.5	4.8	2.5	19.5

Note. Rows and columns may not add to totals due to rounding.

*CBO has not yet estimated all provisions of the bill.

**Assuming half the stated participate in each option.