THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release **September 6, 1995**

The President sent the following letter today to Senate Majority Leader Bob Dole and Senate Democratic Leader Tom Daschle in support of the "Work First" welfare reform bill.

-30-30-30-

THE WHITE HOUSE

WASHINGTON

September 6, 1995

Dear Mr. Leader:

I am glad the Senate has finally come to this important debate on welfare reform. The American people have waited a long time for this. We owe it to the people who sent us here not to let this opportunity slip away by doing the wrong thing or by failing to act at all.

Over the last two and a half years, my Administration has aggressively pursued welfare reform at every turn. We proposed sweeping welfare reform legislation to impose time limits and work requirements and promote the values of work, responsibility, and family. We have put tough child support enforcement at the center of the national welfare reform debate: My Administration collected a record level of child support in 1993 -- $9 billion -- and I signed a far-reaching Executive Order to crack down on federal employees who owe child support.

We have put the country on the road to ending welfare as we know it, by approving welfare reform experiments in a record 34 states. Through these experiments, 7 million recipients around the country are now being required to work, pay child support, live at home and stay in school, sign a personal responsibility contract, or earn a paycheck from a business that uses money that was spent on food stamp and welfare benefits to subsidize private sector jobs. Today, my Administration is granting two more waivers to expand successful state experiments in Ohio, which rewards teen mothers who stay in school and sanctions those who don't, and in Florida, which requires welfare recipients to go to work as a condition of their benefits and provides child care when they do.

I am confident that what we're doing to reform welfare around the country is helping to instill the values all Americans share. Now we need to pass a welfare reform bill that ends the current welfare system altogether and replaces it with one that puts work, responsibility, and family first.

That is why I strongly support and urge you to pass the welfare reform bill sponsored by Senators Daschle, Breaux, and Mikulski that is before the Senate today. Instead of maintaining the current broken system which undermines our basic values, the Daschle-Breaux-Mikulski plan demands responsibility and requires people to work. The Work First bill will cut the budget by moving

people to work, not by asking states to handle more problems with less money and shipping state and local taxpayers the bill.

I support the Work First plan because welfare reform is first and foremost about work. We should impose time limits and tough work requirements, and make sure that people get the child care they need to go to work. We should reward states for putting people to work, not for cutting people off. We will only end welfare as we know it if we succeed in moving people from welfare to work.

Welfare reform is also about family. That means the toughest possible child support enforcement, because people who bring children into this world should take responsibility for them, not just walk away. It also means requiring teen mothers to live at home, stay in school, and turn their lives around -- not punishing children for the mistakes of their parents.

Finally, welfare reform must be about responsibility. States have a responsibility to maintain their own efforts to move people from welfare to work, so that we can have a race to independence, not a race to the bottom. Individuals have a responsibility to work in return for the help they receive. The days of something for nothing are over. It is time to make welfare a second chance, and responsibility a way of life.

We have a ways to go in this welfare reform debate, but we have made progress. I have always sought to make welfare reform a bipartisan issue. The dignity of work, the bond of family, and the virtue of responsibility are not Republican values or Democratic values. They are American values -- and no child in America should ever have to grow up without them. We can work toward a welfare reform agreement together, as long as we remember the values this debate is really about.

The attached Statement of Administration Policy spells out my views on the pending legislation in further detail.

Sincerely,

Bill Clinton

The Honorable Bob Dole
Majority Leader
United States Senate
Washington, D.C. 20510

News From

KENT CONRAD

U.S. Senator - North Dakota

For Immediate Release
June 29, 1995

CONRAD TO INTRODUCE TEEN PREGNANCY AMENDMENT

WASHINGTON -- Senator Kent Conrad said Thursday he will offer an amendment to the welfare reform bill when it comes to the Senate floor to address the problem of teen pregnancy in this country.

"The Senate Finance Committee's bill has missed a golden opportunity to address the issue of teenagers having babies, and takes what I call a 'do-nothing' approach," Conrad said. "Worse, some are pushing for a system that punishes children by denying benefits to unwed teen mothers and their children. Those are unreasonable approaches in my view.

"My amendment takes a responsible approach to the problem of teenagers having children by requiring them to complete their education and live in supervised living arrangements to receive temporary welfare assistance," Conrad said. "My bill says that for people who receive assistance, we're going to expect something in return. That's what the American people want in welfare reform, and that's what my amendment offers."

Conrad's amendment will require teen parents who receive welfare assistance to attend high school or another equivalent training program and to live at home with a parent, legal guardian, or adult relative. For teen parents unable to live at home, they would be required to live in an adult-supervised living arrangement, including second chance houses, to receive assistance.

"No job is harder than being a parent, and being in a stable, safe, and structured environment offers a promising way to help prepare young women who can't live in a supportive family situation for parenthood and life," Conrad said. "My amendment will help young mothers break the cycle of poverty by helping them gain the education and parenting skills to allow them to succeed in life."

Conrad offered his amendment in the Senate Finance Committee during mark-up of the welfare bill in late May. Conrad's amendment failed on a 10-10 tie, with Senator Don Nickles (R-Okla.) joining the nine Democrats on the panel in support of the measure.

- 30 -

Media Contact: Kirk D. Johnson at 202-224-7539.

THOMAS A. DASCHLE
SOUTH DAKOTA

United States Senate
Office of the Democratic Leader
Washington, DC 20510-7020

STATEMENT BY SENATE DEMOCRATIC LEADER TOM DASCHLE ON THE RIGHT WAY TO PREVENT TEENAGE PREGNANCY JUNE 29, 1995

Since our Republicans colleagues apparently remain deeply divided over welfare reform, we thought it might be useful – before we all leave for the July Fourth recess -- to shed some light on one of the most contentious issues, and that's teen pregnancy.

We've heard a lot of suggestions from Republicans about how to reduce the incidence of teen pregnancies: everything from ignoring the problem, to denying benefits for children born to welfare mothers, to building orphanages.

What we haven't heard enough of is facts.

It is a fact that only 8 percent of welfare mothers today are teenagers.

But, it's also a fact that more than half of the women receiving welfare today had their first baby as a teenager.

And it's a fact that simply punishing these women -- and their children -- is not enough to get them into jobs, and keep them there.

Women who become mothers as teenagers are the least likely to get off welfare because of their lack of skills and education. Many of them have not finished high school, and most have little or no work experience.

Certainly, we need to do a much better job of discouraging teen pregnancy. We all agree about that.

But we also need to say to young women who do become pregnant: We are no longer going to use tax dollars to sustain you and your children in a dead-end life. We'll help you get on your feet. But you've got to take responsibility for your children and your future. You've got to finish your education and get a job and support your family, just like everyone else.

That is the essence of a teen pregnancy bill -- S. 8 – that I introduced on day one of this Congress. We have now folded that bill into the Democratic Leadership

(over)

welfare reform bill, which we call "Work First."

We hope our Republican colleagues will look closely over the recess at Work First, particularly the teen pregnancy provisions. We think if they do, we'll be able resolve a lot of the controversy that seems to have kept welfare reform from reaching the floor so far.

Very briefly, we say that teenage mothers must live at home to receive welfare benefits. For young women who for some reason can't live at home, we will establish adult-supervised group homes, called "Second Chance" homes, where they can learn basic parenting and life skills, such as budgeting.

Second, teen mothers must stay in school. Education is the key to self-sufficiency. So our bill allows states to impose sanctions against welfare recipients who do not attend school regularly, and reward those who do.

And, to help prevent teen pregnancy in the first place, our bill gives states and communities the resources they need to develop teen-pregnancy prevention programs that are tailored to their specific needs.

There's no single, perfect solution. What works in a small town in South Dakota to prevent teen pregnancy might not work in Los Angeles. We'll set broad guidelines, and then let parents and other community members design the specifics.

Anyone who has raised a child knows it's not easy. For unmarried teenagers, the responsibilities can be overwhelming. Our bill will enable teen mothers to become self-sufficient. We look forward to a good debate when we return after the Fourth.

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For more information, call:

Ranit Schmelzer
Molly Rowley
(202) 224-2939

Catholic Charities USA

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NEWS RELEASE

For immediate release:
June 28, 1995

For information contact: (703) 549-1390
Colleen Curry Anderson, Ext. 15

News conference

Sharon Daly of Catholic Charities USA will take part in a news conference tomorrow,

Thursday, June 29 at 10 a.m.

Room 385 of the Russell Senate Office Building on Capitol Hill

She will join Sen. Kent Conrad, D-ND, who is introducing a welfare reform amendment in the Senate.

Sen. Conrad's proposal would require teen mothers receiving welfare to live with their parents or under approved adult supervision. This proposal would enable them to finish school and receive parenting education—without cutting them off from cash welfare benefits.

"Catholic Charities agencies have found success in helping teen mothers to finish their schooling, get jobs, and avoid repeat teen pregnancies," said Ms. Daly, who is Catholic Charities USA's deputy to the president for social policy. "This measure would enable these mothers to continue receiving welfare benefits without setting up their own households, something Catholic Charities USA has advocated for almost two years."

For more than a century, Catholic Charities agencies across the country have provided professional services to women facing unplanned pregnancies and children who need adoptive families.

The welfare reform bill approved by the House would deny any cash welfare to children born to teen mothers. Catholic Charities USA believes that this policy would not meet its goal of reducing out-of-wedlock pregnancies and that it also would lead to more abortions.

Catholic Charities USA

Statement of Sharon Daly
Catholic Charities USA
June 29, 1995

Many Senators have been surprised to find the Catholic Church at odds with other conservative pro-family organizations over certain welfare reform proposals. It is well known that the Catholic Church has very strict views on sexual morality outside of marriage. Moreover, for many decades in this country, Catholic agencies have taken care of teenage mothers and their babies, promoting adoptions and discouraging additional out-of-wedlock pregnancies.

We agree with those who see teenage pregnancy and illegitimacy as destructive in themselves as well as symptomatic of a society in which adults neither set good examples nor provide the constant attention and consistent care that young people need.

This year, some Members of Congress are proposing drastic measures designed to discourage teenage pregnancy and parenthood. With the best of intentions, Senators Faircloth, Gramm, and others want to deny welfare benefits to the children of unmarried mothers under the age of 21. They want to make taking care of their babies so difficult that unmarried mothers under 21 will give up their children for adoption because they and their babies will otherwise suffer so dreadfully.

Despite a total lack of evidence, these Senators have embraced the theory that denying welfare benefits will significantly reduce out-of-wedlock births among young women. This proposal is solidly supported by groups like the Family Research Council and the Heritage Foundation that study family-related issues and issue reports.

I am here today representing Catholic Charities USA, the largest network of private social services providers in this country, 1,400 agencies that serve nearly 10.6 million people each year, including 138,000 pregnant women, teenagers, and their families who do not know where else to turn for help. We oppose the Faircloth/Gramm approach and support Senator Conrad's proposal.

Our views are shaped by the experiences of our agencies who year after year help teen mothers finish high school, get job training and jobs, find good, safe, affordable child care, and learn how to be good mothers. Of course, we strongly encourage adoption, but few young mothers are willing to allow their babies to be adopted. Most want desperately to raise their children themselves.

Episcopal Liaison
The Most Reverend
Joseph M. Sullivan

Chair
Rev. Timothy A. Hogan

Vice Chair
Ms. Lupe U. Macias

Secretary
Sister Barbara A. Moore, CSJ

Treasurer
Mr. Jerome E. Rauchhorst

President
Rev. Fred Kammer, SJ

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Whenever possible we help the young mothers repair their relationships with their own parents or other family members. The most successful programs involve the father and his family in counseling sessions so that the baby has two parents and two sets of grandparents to care for, guide and protect him or her.

Among poor families, the availability of AFDC and other government programs is critical to the ability of our agencies to help the young mothers over the crises. Our programs cannot succeed on their own. The cash assistance, job training, and child care available through AFDC are essential parts of the prescription.

The proponents of denying aid to teenage mothers believe that it is welfare that discourages young mothers from making the choice of adoption. They want to leave the young mother with no other choice but adoption. We think this shows a shocking lack of understanding of teenagers and young mothers. Welfare is not the reason they get pregnant, and a lack of welfare won't keep them from getting pregnant. A lack of welfare, however, will change some teenage behavior:

> More pregnant teens from poor families will choose abortion. This proposal is designed to deter out-of-wedlock births by making sure that poor teenagers have more to lose by having a baby.
>
> Let's look at teenagers who have more to lose already: pregnant teens in middle- and upper-income families who stand to lose college educations, skiing vacations, trips to Europe, and cars when they graduate from high school. Those with the most to lose are twice as likely to have abortions as poor teenagers with so much less to lose.
>
> Do we want teens in poor families to be more like teens in affluent families--twice as likely to have abortions when they become pregnant?

The goal of public policy should not be to reduce illegitimacy by increasing abortions, yet that is what the Faircloth proposal would do.

Let's also look at what will happen to the babies who would not be aborted, but would be born to mothers who could not get any welfare benefits to help take care of them.

Will there be more adoptions? No doubt some of the teen mothers, faced with the prospect of no money to help, will make an adoption decision. And in our experience, having felt coerced into giving up that baby, most will be pregnant again within a year. This is what we call an "atonement baby." What kind of a

solution is that?

But what about the vast majority who will struggle on, desperately trying to piece together resources to afford food, rent, child care, diapers, and baby clothes? How many will have to drop out of high school permanently? How many will not get to job training without child care or clothes or bus fare? How many will take out their frustrations and fear and misery on their babies? How many of those babies will wind up in our child welfare system--neglected, abused, abandoned, and not available for adoption until they are so emotionally and physically scarred that no one will adopt them?

It is far better to make sure that young mothers get the help they need with that first baby so they can be good mothers, able to care for their children emotionally as well as financially.

That is what Senator Conrad's bill is designed to do. The Conrad bill would ensure that:

1) young mothers on welfare would have to live under the supervision of responsible adults;

2) young mothers would have to finish school and prepare for jobs;

3) young mothers would learn parenting skills; and

4) funding would be available to provide supervised housing for mothers and babies who cannot, and should not, live in unsafe or abusive homes.

A year and a half ago, Catholic Charities USA called for an approach now called for in the Conrad bill. We salute the Senator for his understanding of this issue and his willingness to fight for these children.

Catholic Charities USA

CATHOLIC CHARITIES USA
FACT SHEET – 1995

Description

Catholic Charities USA is the nation's largest, private, social service organization. The network of 1,400 agencies and institutions and thousands of concerned individuals works to reduce poverty, support families, and empower communities in the United States.

In all, over 1,400 local agencies with more than 272,000 staff members and volunteers serve nearly 10.6 million people in need – mostly families and children – each year. People of all religious, national, racial, social, and economic backgrounds receive services from Catholic Charities. In 1993, Catholic Charities agencies across the United States spent $1.8 billion; about 87 percent of agency budgets are allocated to program expenses.

Services

Catholic Charities agencies provide direct services to people in need, with an emphasis on enabling them to achieve self-sufficiency. Agency staff members help people overcome addiction as well as give support to homeless families who have nowhere else to go. Services include:

- Food
- Emergency shelter
- Emergency financial assistance
- Housing assistance
- Counseling
- Treatment for abuse of alcohol and other drugs
- Pregnancy counseling
- Adoption
- Services to persons with HIV/AIDS
- Refugee and immigration assistance
- Education and job training
- Out-of-home care

In addition, local Catholic Charities agencies focus on:

- *Legislation* (in the areas of welfare, housing, economic well-being, child care)
- *Community organizing* (housing, just economic structures, hunger)
- *Advocacy* (legal assistance for homeless people, refugees, people with HIV/AIDS, people with addictions, families and children)

National movement

Catholic Charities USA is a membership organization founded as the National Conference of Catholic Charities in 1910. By providing leadership, technical assistance, management training, and resource development, the national office enables local agencies to better devote their own resources to serving their communities. Catholic Charities USA seeks to develop and promote innovative strategies that address human needs and social injustices. The national legislative agenda focuses on reforming the federal Aid to Families with Dependent Children program and ending hunger in America. The Disaster Response Office organizes the Catholic community's response to disasters in the United States.

President

Rev. Fred Kammer, SJ

Episcopal Liaison
The Most Reverend
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Catholic Charities USA 1993 Survey Summary

Reaching out to people in need
Working to build strong families and communities

Catholic Charities USA is the nation's largest, private network of social service organizations. Some 1,400 agencies and institutions, with more than 272,000 staff members and volunteers, aim to reduce poverty, support families, and empower communities in the United States. People receive help without regard to their religious, racial, ethnic, or economic background. Catholic Charities USA also responds to domestic disasters on behalf of the U.S. Catholic community.

This information is taken from the Catholic Charities USA 1993 Annual Survey, compiled by The Urban Institute of Washington, DC.

Community action

Eliminating conditions which lead to poverty and suffering.

Social action

In addition to helping meet people's needs, Catholic Charities USA and member agencies and institutions work to change the conditions which cause hunger, homelessness, and family distress. The vast majority of Catholic Charities agencies (88 percent of survey respondents) engage in public policy development or implementation.

In 1993, agency legislative activities on the national level most often focused on the economic needs of people served by Catholic Charities. Welfare reform was a priority. Other top concerns were health care and health insurance, international justice and refugees, and hunger and nutrition.

Economic issues also dominated state-level legislative activities. Other priorities were family life, including adoption, health care, and health insurance. Prominent local legislative activities included housing, hunger and nutrition, and economic issues.

Community programs

Catholic Charities agencies developed 426 new community programs in 1993. These include 174 neighborhood or parish organizations, 50 housing corporations, and 89 senior citizen centers. Add these efforts to the existing 1,334 programs and the total reaches 1,760 community programs nationwide.

Parish social ministry

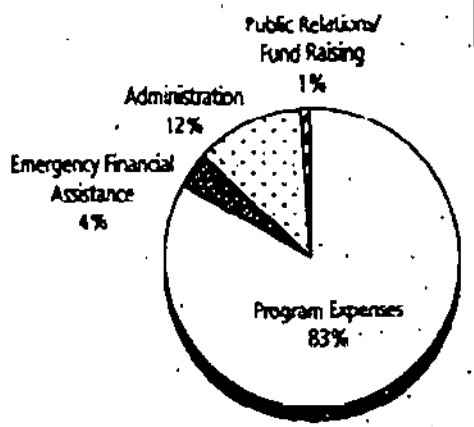
Catholic Charities encourages Catholic parishioners to volunteer in their neighborhoods, providing service and advocating for social justice. This effort is called parish social ministry. In 1993, agencies worked with 4,857 parishes (29 percent of parishes in their areas). Services that parishes receive from Catholic Charities include consultation, training, and needs assessment.

Catholic Charities enables communities to address their own needs through locally designed programs. Examples of parish social ministry are self-help groups for unemployed people and persons affected by HIV/AIDS; programs to prevent community and family violence; and parish soup kitchens and food banks. Agencies also train parishioners in public education and legislative advocacy on social issues.

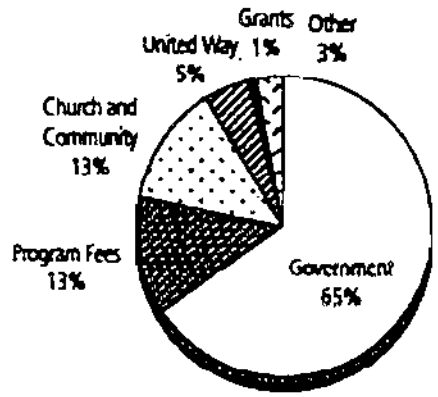
1993 in brief

People served:	**10,595,661**
Emergency Services	6,836,769
Social Services:	3,758,892
Income:	**$1,934,199,372**
Expenses:	**$1,832,722,932**
Paid Staff:	**47,952**
Volunteers:	**224,750**

1993 Expenditures



1993 Income



Catholic Charities USA 1993 Survey Summary

Total served in 1993: 10.6 million people

Social services: 3.8 million people

To help people in need to gain self-sufficiency

1.3 million children and adolescents (17 and younger)
1.9 million adults
507,800 elders (65 and older)

Social support: 904,430 people

Social support includes day care, respite and hospice care, and employment and housing search services.

Counseling: 889,523 people

Catholic Charities agencies provide individual, family, marital, and group counseling as well as peer counseling, addiction services, and family mediation.

Socialization and neighborhood support: 475,787

This category includes youth and neighborhood centers, children's summer camps and sports programs, and senior centers.

Education and family support: 457,876

This includes family life and parenting education, marriage preparation, Headstart, literacy, and drug and alcohol awareness.

Refugee resettlement and immigration: 228,122

Refugees and immigrants receive help with family reunification; education, legal, and employment services; and language classes.

Pregnancy services: 135,836

Pregnant women and girls receive pre- and post-natal care, material assistance and housing, continuing education, and pregnancy counseling. In many cases, their families and the babies' fathers also receive help.

Foster/group home and residential care: 95,284

Catholic Charities agencies offer foster home care for children and residential treatment for troubled or abused youth. Group homes offer a nurturing environment for youth and elders and persons with disabilities.

Housing: 91,841

Catholic Charities provides help to obtain long-term lodging in houses, apartments, and single-room-occupancy units. Agencies provided, sponsored, or managed about 16,600 units in 1993.

Adoption services: 38,915

Adoptive homes were found for 3,100 children, including infants, 1,377 special-needs children, and 241 children from other countries. Also included: services to adult adoptees, pre-adoption foster care, and post-adoption services.

Other: 446,278

Emergency services: 6.8 million people

Food, shelter, and other crisis services
Includes more than 1.7 million children

Food services: 5,121,279 people

Soup kitchens:	1,418,016
Food banks:	3,703,263

1.1 million recipients were children.

Shelters: 116,862 people

Catholic Charities agencies offer shelter to children and families, battered women, senior citizens, and others who are homeless. The number of shelters they operate grew from 308 in 1992 to 363 in 1993.

Other emergency services: 1,598,628 people

This includes 574,254 children (17 and younger); nearly one-third came to Catholic Charities alone. "Other" services include financial and medical assistance and clothing.

Treatment and special services

Addiction services:	53,679
Employment services:	37,940
Child day care:	34,864
HIV/AIDS services:	18,938
Intensive services for at-risk families	125,598 families

New programs

Examples of programs initiated in 1993:

- Housing services
- Programs to address domestic violence, sexual abuse, and gang violence
- Services for migrants, refugees, and immigrants
- Parenting skills education and training programs

Waiting lists

Services for which agencies report keeping waiting lists:

- Counseling
- Day care
- Foster care
- Residential care
- Transitional housing
- Food services

Personnel

In 1993, 272,702 people contributed to the work of Catholic Charities agencies and institutions across the country:

Paid staff members	47,952
Volunteers	224,750

(Includes 6,111 corporate board members)

UNITED STATES CATHOLIC CONFERENCE

Department of Social Development and World Peace
3211 4th Street N.E. Washington, DC 20017-1194 (202) 541-3180 FAX (202) 541-3339 TELEX 7400424

June 28, 1995

Honorable Robert Dole
Senate Majority Leader
United States Senate
Washington, DC. 20510

Dear Senator Dole:

Earlier this month, the U.S. Catholic Bishops Conference sent every member of the Senate a statement of our principles and priorities on welfare reform. We reiterated our strong support for genuine welfare reform and our opposition to provisions which violate our pro-life and social justice principles. A copy of the letter is enclosed.

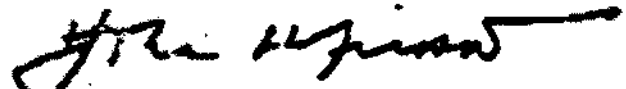
In that letter we expressed our strong support of the Finance Committee's rejection of mandated family cap and child exclusion provisions. We also promised our strong opposition to any floor amendment to mandate these provisions. We understand you are under some pressure from members of the Senate and some groups which insist on including such proposals. We strongly urge you to resist these pressures.

We reaffirm our principled and determined opposition to attempts to deny benefits to children because of the age of their mother, and their family's dependence on welfare. Such provisions, whatever their intentions, are likely to encourage abortion, especially in states which pay for abortions but not for assistance to these children. We do not believe that teenagers should be encouraged to set up their own households; however, in seeking to change the behavior of parents, these provisions hurt children, and some unborn children will pay with their lives.

There is much debate and conjecture about the human consequences of these measures. Now we have some evidence from the experience of a state held up as a model of this kind of welfare reform. As the attached fact sheet points out, these provisions in New Jersey have led to a reported increase in the abortion rate without any significant decrease in the rate of out-of-wedlock births. Pro-life principles should be upheld in the welfare debate. It is not logical to insist that young women will decide whether to have children based on the availability of assistance, then turn around and insist that the denial of assistance will play no role in a decision to end the life of that unborn child. As the early data from New Jersey apparently indicates, such measures do not reduce illegitimacy, but do increase abortion.

We urge you and all Senators to reject simple and dangerous fixes which encourage abortion without attacking the real causes of widespread illegitimacy in our society. We need real welfare reform which strengthens families, promotes work and responsibility and protects vulnerable children -- born and unborn.

Sincerely,



Most Reverend John H. Ricard, SSJ
Chairman, Domestic Policy Committee
Auxiliary Bishop of Baltimore

UPDATE ON THE FAMILY CAP PROVISIONS IN WELFARE REFORM
June 1995

As you may have read, the Senate has delayed its consideration of welfare reform until after the July 4th recess (June 30 to July 9). The Senate bill, unlike the House bill, does not prohibit states from giving cash aid to children of current welfare recipients or teen mothers. While not supporting teen parents setting up separate households, the Conference and Catholic Charities USA worked hard and successfully to at least provide vouchers to these children in the House bill. However, in the Senate, a number of Republican Members have threatened to filibuster any bill which does not prohibit states from providing cash assistance to children born to current welfare recipients and minor mothers. Our goal in the Senate is to keep these "child exclusion" provisions out of the bill while supporting efforts to provide teen parents with a range of benefits including parenting education, skills training and appropriate adult supervision.

The Conference's position is based on the belief that children should not be denied benefits because of their mother's age or dependence on welfare. These provisions, whatever their intentions, are likely to encourage abortion, especially in those states which pay for abortions, but not for assistance to these children.

New Jersey is the state with the most experience with a family cap. Here is a recap of the currently available information from recently released studies of the New Jersey Family Cap.

Has the abortion rate increased in New Jersey after the Family Cap/Child Exclusion?

Yes. In May, New Jersey welfare officials announced that:

The abortion rate among poor women increased 3.6% in the eight months after New Jersey barred additional payments to women on welfare who gave birth to additional children;

The total number of abortions performed on women receiving assistance through the main welfare program, Aid to Families with Dependent Children, increased from 7,619 in the same period a year earlier to 7,932.

This increase is exactly what pro-life opponents of the family cap predicted, and is particularly significant given that, for the previous four years, New Jersey's abortion rate had declined 12% and the national rate had declined 5%.

Does the Family Cap provision result in fewer births to welfare recipients?

No. A study conducted by Rutgers University indicates that the New Jersey law barring additional payments to welfare mothers who have more children has had no effect on birthrates among those women.

From August 1993 through July 1994, there was no significant difference between birth rates in the group of welfare mothers who received an additional monthly benefit if they gave birth to another child and those denied such a benefit.

Over the short term, the regulation appears not to have reduced births and to have had no impact on the child-bearing practices of those women subjected to its penalties and incentives. The study refutes several earlier announcements that birth rates among New Jersey welfare mothers had dropped dramatically since the state implemented the policy in 1992.

Conclusion

Although these results are preliminary, the abortion increase coupled with the absence of impact of the family cap on birth rates suggest that the policy of denying children benefits doesn't reduce illegitimate births except by increasing abortions.

UNITED STATES CATHOLIC CONFERENCE
Department of Social Development and World Peace
3211 4th Street N.E. Washington, DC 20017-1194 (202) 541-3160 FAX (202) 541-3339 TELEX 7400424

June 13, 1995

Dear Senator:

I write on behalf of the U.S. Catholic Bishops' Conference to share with you the experience of the Catholic community in serving those in need and the principles that we believe should guide welfare reform. These moral principles and policy priorities were outlined in a statement that the Administrative Board of our Conference issued in March of this year. Now that the Senate is debating welfare reform, I wish to reiterate our commitment to genuine reform of the welfare system and our concern that such reform reflect our nation's best values and offer genuine help and opportunity to our poorest families.

Poor families are not an abstract issue for us; they are in our shelters and soup kitchens, parishes and schools. Our everyday experience in helping families leave welfare suggests that hope, opportunity, and investment are essential to this transition. The social contract we seek will offer training, education, jobs, and other concrete assistance in exchange for the persistent commitment and effort of persons trying to leave poverty behind. Simply cutting resources and transferring responsibility is not genuine reform. We must resist the temptation to see poor women, minority families, or immigrants as either passive victims or easy scapegoats for our society's social and economic difficulties.

There are several positive elements in the bill which was reported out of the Senate Finance Committee:

- inclusion of the JOBS program which reflects our own principle that those who can work ought to work;
- preservation of child welfare and child protection entitlements;
- recognition that the federal government should not deny children benefits because of their mother's age or dependence on welfare; and
- strengthening of child support enforcement mechanisms and related data gathering requirements.

We are particularly pleased that "child exclusion/family cap" provisions were not included in the Senate bill. As you know, we strongly opposed such provisions in the House bill and will continue to do so as the bills move to Conference Committee.

Unfortunately, there are still significant elements of the bill which are clearly not consistent with our principle that genuine welfare reform should strengthen families, encourage productive work, and protect vulnerable children. We are not defenders of the welfare status

quo and we recognize the diverse role of federal, state and local governments as well as community institutions in helping families overcome poverty and meet their children's basic needs. However, we are deeply concerned about provisions that could leave many poor children worse off.

■ **Block Grants/Entitlements**

While we are not opposed in principle to block grants and support increased state involvement and flexibility, the block grant structure in this legislation erodes the national commitment to fight poverty and does not even require states to maintain their current level of effort. Freezing the federal contribution to program costs without any reference to the number of needy children or changing economic conditions, will undermine the system of income, nutrition and other supports which serves as a safety net for the most vulnerable. As advocates of both subsidiarity and solidarity, we support more effective and responsive federal-state-community partnerships, but we cannot support "reform" which will make it more difficult for poor children to grow into productive individuals. We cannot support reform that destroys the structures, ends entitlements, and eliminates resources that have provided an essential safety net for vulnerable children. We fear that the fiscal pressures which are driving Congress have led to a proposal more clear about reducing resources than reordering responsibilities.

■ **Treatment of Children**

While we appreciate the Senate Finance Committee's decision that children should not be denied benefits because of their mother's age or dependence on welfare, it has been reported to us that some Senators intend to offer amendments to deny benefits on these grounds. We oppose any attempt to deny benefits to children because of the age of their mother, their family's dependence on welfare or an arbitrary time limit on benefits. Such provisions, whatever their intentions, are likely to encourage abortion, especially in states which pay for abortions but not for assistance to these children. We do not believe that teenagers should be encouraged to set up their own households. However, in seeking to change the behavior of parents, these provisions hurt children, and some unborn children will pay with their lives. We have already seen preliminary indications of an increase in abortions in New Jersey, which has a family cap in place.

We also welcome the Senate's protection of the cash benefit for all children eligible for Supplemental Security Income [SSI]. We are concerned about more stringent eligibility requirements for children which may result in loss of benefits to hundreds of thousands of children. For us this is a matter of moral consistency. Our faith requires us to protect the lives and dignity of vulnerable children whether they are born or unborn. Every child is precious to us.

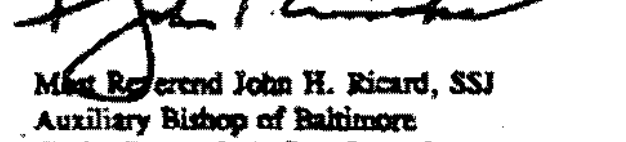
■ Treatment of Aged and Disabled Legal Immigrants

We are also concerned about the exclusion of aged and disabled legal immigrants from eligibility for assistance through the SSI program. We are also troubled by provisions that would severely restrict legal immigrants' eligibility for other Social Security Act programs, including Medicaid and child protection services. In many instances, the alternative to providing basic assistance to these individuals will be abject poverty, untreated illness, and continued domestic abuse. Costs associated with assisting these persons would inevitably be borne by state and local governments. The proposed measures would not only deny benefits to legal residents who have worked and paid taxes in the U.S. for years, but would even deny benefits to them after they became U.S. citizens. The deeming provisions have the potential for denying assistance to U.S. citizens when they are in genuine need. Such an approach does not advance the common good but further divides our people along economic, racial, ethnic and ideological lines.

We are very concerned that some Senators may seek to use this legislation to cut the Earned Income Tax Credit. To reduce this tax relief for working families would send exactly the wrong message at a time when our nation needs to reward work and help families raise their children in dignity. We strongly oppose amendments to weaken the EITC.

As the Bishops said in the enclosed statement issued in March, we strongly support genuine welfare reform. We are not defenders of the current system. The status quo is unacceptable. It is the nation's children who pay the greatest price for the failures of the current system. That is why genuine welfare reform is a moral imperative and an urgent national priority. For the Catholic community, the measure of welfare reform is whether it will enhance the lives and dignity of poor children and their families. The goal of reform ought to be to promote decent work and reduce dependency, not simply cut budgets and programs. The target of reform ought to be poverty, not poor families. We urge you to support provisions consistent with these principles and priorities and oppose measures which will undermine them.

Sincerely,



Most Reverend John H. Ricard, SSJ
Auxiliary Bishop of Baltimore
Chair, Domestic Policy Committee

National Council of the Churches of Christ in the USA

Washington Office

STATEMENT ON PROVISIONS RELATED TO TEEN PREGNANCY

IN WELFARE REFORM LEGISLATION

by Mary Anderson Cooper
Associate Director, Washington Office

Prepared for Press Conference June 29, 1995
Russell Senate Office Building
Washington, D.C.

As people of faith and religious commitment, we in the churches are called to stand with and seek justice for people who are poor. We share a conviction, therefore, that welfare reform must not focus on eliminating programs but on eliminating poverty and the damage it inflicts on children (who are 2/3 of all welfare recipients), on their parents, and on the rest of society.

We are particularly concerned that children not be victimized by attempts at welfare reform. We reject proposals which would deny benefits to children born to unmarried mothers under the age of 18 in the name of preventing teen pregnancy. Although such proposals are focused on the desirable goal of reducing pregnancy outside of marriage, we believe that they would result in punishing children and their parents. Denying cash benefits for such families will inevitably mean that the children and their mothers will eat less well and live less well than they would have if they had received cash benefits, and that their health will be undermined. Whatever we may feel about the behavior or situation of their parents, as a nation we must not allow children to become the victims of a drive to reduce federal spending or to punish their parents for conduct deemed inappropriate by Congress.

While we oppose denial of benefits to children born to unmarried mothers, we do not believe that remaining silent on the issue of teen pregnancy is helpful. The bearing of children outside of marriage has reached nearly epidemic proportions in this country. Both children and their parents suffer as a result of this situation. There is much scholarly evidence to suggest that despair about the future is one of the things that leads young women to give birth before they are able to care for their children in a stable family setting. It is our belief that providing young people with genuine hope for their futures is one key way of discouraging adolescent pregnancies. Education, job training, and creation of employment opportunity are components of that hope, as is having the chance to relate to caring adults.

The amendment being proposed by Sen. Conrad and his colleagues goes a long way toward meeting our concern about providing education and a chance at a decent future and discouraging future pregnancies outside of marriage. By providing cash benefits to allow young mothers to stay at home with their parents and finish high school, the amendment removes the incentive for them to set up separate, unsupervised living arrangements. There is legitimate concern about the safety of young mothers who are in abusive households; but Sen. Conrad's amendment contains thoughtful provisions to allow such individuals to leave inappropriate homes to live in other supervised settings with caring adults. We particularly commend this flexibility.

We recognize that the federal deficit must be reduced. Nonetheless, we believe that reducing welfare costs by denying benefits to teenaged mothers and their children is short-sighted and will lead to the creation of a human deficit that will ultimately be more damaging to our country than an unbalanced budget could ever be.

110 Maryland Avenue, N.E. • Washington, D.C. 20002 • 202-544-2350

A STATEMENT OF SHARED PRINCIPLES ON WELFARE REFORM

INTRODUCTION

As people of faith and religious commitment, we are called to stand with and seek justice for people who are poor. This is central to our religious traditions, sacred texts, and teachings. We share a conviction, therefore, that welfare reform must not focus on eliminating programs but on eliminating poverty and the damage it inflicts on children (who are 2/3 of all welfare recipients), on their parents, and on the rest of society.

We recognize the benefit to the entire community of helping people move from welfare to work when possible and appropriate. We fear, however, that reform will fail if it ignores labor market issues such as unemployment and an inadequate minimum wage and important family issues such as the affordability of child care and the economic value of care-giving in the home. Successful welfare reform will depend on addressing these concerns as well as a whole range of such related issues as pay equity, affordable housing, and access to health care.

We believe that people are more important than the sum of their economic activities. Successful welfare reform demands more than economic incentives and disincentives. It depends on overcoming biased assumptions about race, gender and class that feed hostile social stereotypes about people living in poverty and suspicions that people with perspectives other than our own are either indifferent or insincere. Successful welfare reform will depend ultimately upon finding not only a common ground of policies but a common spirit about the need to pursue them for all.

The following principles do not exhaust our concerns or resolve all issues raised. The principles will serve nonetheless as our guide in assessing proposed legislation in the coming national welfare debate. We hope they may also serve as a rallying point for a common effort with others throughout the nation.

PRINCIPLES

An acceptable welfare program must result in lifting people out of poverty, not merely in reducing welfare rolls.

- The federal government should define minimum benefit levels of programs serving low-income people below which states cannot fall. The benefits must be adequate to provide a decent standard of living.

- Welfare reform efforts designed to move people into the work force must create jobs that pay a livable wage and do not displace present workers. Programs should eliminate barriers to employment and provide training and education necessary for inexperienced and young workers to get and hold jobs. Such programs must provide child care, transportation, and ancillary services that will make participation both possible and reasonable. If the government becomes the employer of last resort, the jobs provided must pay a family-sustaining wage.

- Disincentives to work should be removed by allowing welfare recipients to retain a larger portion of wage earnings and assets before losing cash, housing, health, child-care or other benefits.

- Work-based programs must not impose arbitrary time-limits. If mandated, limits must not be imposed without availability of viable jobs at a family-sustaining wage. Even then, some benefit recipients cannot work or should not be required to work. Exemptions should be offered for people with serious physical or mental illness, disabling conditions, responsibilities as

caregivers for incapacitated family members, and for those primary caregivers who have responsibility for young children.

• Welfare reform should result in a program that brings together and simplifies the many efforts of federal, state and municipal governments to assist persons and families in need. "One-stop shopping centers" should provide information, counseling, and legal assistance regarding such issues as child support, job training and placement, medical care, affordable housing, food programs and education.

• Welfare reform should acknowledge the responsibility of both government and parents in seeking the well-being of children. No child should be excluded from receiving benefits available to other siblings because of having been born while the mother was on welfare. No child should be completely removed from the safety net because of a parent's failure to fulfill agreements with the government. Increased efforts should also be made to collect a proper level of child support assistance from non-custodial parents.

• Programs designed to replace current welfare programs must be adequately funded. They will cost more in the short-term than the present Aid to Families with Dependent Children; but if welfare reform is success-fully implemented, they will cost less as the number of families in need of assistance diminishes over the long-term. Funds for this effort should not be taken from other programs that successfully serve poor people.

NATIONAL ENDORSING ORGANIZATIONS

Adrian Dominican Sisters
American Baptist Churches, USA
American Ethical Union, Inc., National Leaders Council (AEU)
American Friends Service Committee
Bread for the World
Church of the Brethren, Washington Office
Church Women United
Columban Fathers Justice and Peace Office
Episcopal Church
General Board of Global Ministries, United Methodist Church, Institutional Ministries
General Board of Church and Society, United Methodist Church
Interfaith IMPACT for Justice and Peace
Jesuit Social Ministries, National Office
Evangelical Lutheran Church in America
Maryknoll Society Justice and Peace Office
Mennonite Central Committee, Washington Office
Committee on Church and Society, Moravian Church, Northern Province
National Council of Churches
National Council of Jewish Women
NETWORK, A National Catholic Social Justice Lobby
Presbyterian Church (USA), Washington Office
Union of American Hebrew Congregations
Unitarian Universalist Service Committee
United Church of Christ, Office for Church in Society
(List in formation)

JUN-29-1995 15:28 FROM TO 94565557 P.23

The Honorable Norman Rice
Mayor of Seattle

The Senate Welfare Reform Bill

1) **WHEREAS**, the welfare reform bill reported out of the Senate Finance Committee is not consistent with the existing welfare reform policy of The U.S. Conference of Mayors because, among other things, it eliminates the entitlement status of Aid to Families with Dependent Children, it does not provide sufficient jobs, child care or health care needed to assist welfare recipients to transition to employment, and it has the potential to shift significant costs to local governments; and

2) **WHEREAS**, alternative legislation, the Work First Act, has been proposed by Senators Daschle, Breaux and Mikulski and endorsed by the President which would preserve the entitlement status of the program and provide significantly greater assistance which to facilitate the transition from welfare to work; and

3) **WHEREAS**, the Work First Act is essentially consistent with the existing welfare reform policy of The U.S. Conference of Mayors,

4) **NOW, THEREFORE, BE IT RESOLVED** that The U.S. Conference of Mayors endorses the Work First Act and urges all Senators to support it as an alternative to the Senate Finance Committee bill.

Projected Cost: Unknown

STATE OF DELAWARE
OFFICE OF THE GOVERNOR

THOMAS R. CARPER
GOVERNOR

June 8, 1995

The Honorable Thomas A. Daschle
509 Hart Senate Office Building
Washington, D.C. 20515

Dear Senator Daschle:

We would like to take this opportunity to applaud you and Senators Mikulski and Breaux and your colleagues for your leadership on the issue of welfare reform. As Democratic Governors who are implementing welfare reform initiatives in our states, we strongly support your efforts in working on comprehensive welfare reform legislation.

We believe that the litmus test for welfare reform is whether or not it answers the following three questions: 1) Does it prepare welfare recipients for a job? 2) Does it enable welfare recipients to find a job? 3) Does it help welfare recipients to maintain a job? We believe your bill meets these criteria and are disappointed that Senator Packwood's bill fails to meet this test.

Under the Packwood bill, it is evident that the Republican leadership in Congress is more interested in political rhetoric than in true welfare reform. Although the Packwood bill requires high work participation rates, the Packwood bill takes away all the tools and resources necessary for states to meet these rates in order to enact effective welfare-to-work programs.

We are deeply distressed about the Congressional Budget Office's estimates of the Senate Finance Committee legislation which indicates that only six out of the 50 states are expected to meet the work participation rates in that bill. As governors on the front line of welfare reform, we view the current Republican proposals coming out of the Congress to be largely a cost shift of enormous proportions to the states under the guise of flexibility. We believe that the principles in your proposal more adequately recognize the critical issue of work and we appreciate your recognition of the essential need to provide adequate child care in order for welfare-to-work programs to be successful.

We support the federal-state partnership embodied in your bill because it gives states protections during times of recession, population growth, increased need, and disaster.

We are very encouraged by the national movement towards giving states greater flexibility in designing welfare programs. As you finalize your proposal, we trust that you will take additional steps to ensure the bill will be the least prescriptive and give governors the maximum flexibility needed to operate effective and efficient programs which move welfare recipients to work.

LEGISLATIVE HALL
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WILMINGTON, DE 19801
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We look forward to continuing to work with you in your efforts to develop a comprehensive welfare reform proposal which the President will sign into law in which we'll truly enable welfare recipients to become, and remain, self-sufficient.

Sincerely,

Governor Mel Carnahan

Governor Howard Dean

Governor Tom Carper

Governor Roy Romer

United States Senate

WASHINGTON, DC 20510

Dear Majority Leader Dole:

We are very concerned about your recent suggestion that welfare reform legislation might be included in a reconciliation bill this year. We express this sentiment for two major reasons.

First, welfare reform legislation is more than just a budget issue. It is a complicated policy issue that has come to involve the restructuring of many programs and reaches far beyond reforms of the AFDC program. It is also a very sensitive policy issue, involving millions of poor and moderate income children, parents, disabled adults and seniors who are working and retired. While any welfare reform legislation may have budgetary effects, the primary purpose is to protect the well-being of children, help welfare recipients move into productive work and make other positive changes in the programs involved.

Second, the Senate rules governing consideration of reconciliation measures are a poor environment in which to consider welfare reform. Reconciliation bills have an overall time limit of 20 hours and amendments are time-limited as well. The Senate will likely have to spend much of its time on reconciliation debating taxes, Medicare and Medicaid and budget process reforms, which will leave little time for substantive debate on welfare policy. Furthermore, it will leave non-Finance Committee members with little time for input into a welfare reform plan.

In 1988, the Senate passed a welfare reform bill 96-1. It was a stand alone bill that was strongly supported by then Governor Clinton and was enthusiastically signed by President Reagan. It is our hope that this year's welfare reform bill would enjoy similar bi-partisan support. However, we believe that including it in a reconciliation bill will make this unlikely.

All [redacted]
Dems but 4 will sign.

The President has stated that he wants Congress to send him a welfare reform bill that he will sign before July 4th. We can accomplish this by first considering welfare reform as a separate measure and then proceeding to a reconciliation bill later this Summer.

We appreciate your consideration of this issue.

Sincerely,

THOMAS A. DASCHLE
SOUTH DAKOTA

United States Senate
Office of the Democratic Leader
Washington, DC 20510–7020

Statement by Senate Democratic Leader Tom Daschle
on Genuine Welfare Reform
Thursday, June 8, 1995

Two weeks ago, when the Finance Committee began markup on the Republican welfare "reform" plan, we said we would take a hard look at their plan and see whether we could support it.

We have.

And we can't.

There are only three standards to measure a welfare reform plan:

Does the plan help welfare recipients get jobs, and keep them?

Does it protect children? Does it guarantee that there will be a minimal safety net for children?

And, does the plan encourage families to stay together?

On all three counts, the Republican plan fails, and fails badly.

Let's be honest. The Republican plan is not about reforming welfare at all. And it's certainly not about moving people from welfare to work. It's about cutting the budget, removing the federal government from welfare, and dumping responsibility for welfare on to the states.

That's not reform. It's a retreat. It's a retreat from everything we've learned about what it takes to break the cycle of welfare dependency, once and for all.

So we will be introducing an alternative plan when the Republican proposal comes to the floor.

Our plan, which we call "Work First," will cost no new money. Let me say that again. Our plan will cost no new money. In fact, it will save money in the long-run. Instead of slashing welfare spending blindly, we'll cut wisely, and we'll pump the savings back into job training, health care and child care.

-- over --

Is our plan tough? Yes. We impose a work requirement, time limits on welfare benefits and other conditions welfare recipients must meet if they want to keep their benefits. There should be no more something for nothing.

But our plan also protects kids. Children receive benefits based on family income, not some block grant that may run out if welfare caseloads swell because of a recession or a plant closing or any other factor beyond their families' control.

Above all, our plan offers hope for genuinely improving the fate of welfare families instead of merely increasing their misery. Our plan is about work and self-sufficiency.

It's good for families.

It's good for states.

And it's good for the country.

-- 30 --

FOR MORE INFORMATION, PLEASE CONTACT:
Ranit Schmelzer or Molly Rowley
(202) 224-2939

News From
U.S. Senator Barbara A. Mikulski
Democrat from Maryland

FOR IMMEDIATE RELEASE
June 8, 1995

CONTACT:
Rachel Kunzler
(202) 228-1122

STATEMENT OF U.S. SENATOR BARBARA A. MIKULSKI
PRESS CONFERENCE ON WELFARE REFORM BILL INTRODUCTION

I'm proud to join Senators Daschle and Breaux in introducing this bill. And I'm proud of the bill we're introducing today.

Our plan is firm on work. It helps people get off welfare and helps them stay off by providing a safety net for kids, bringing men back into their families, and moving from an eligibility mindset to an empowerment mindset.

I'm the Senate's only social worker. And I'm not new to welfare reform. This is something like my eighth go around. But unlike other welfare reform proposals, our plan has the public policy underpinnings that will help end the cycle of poverty and end the culture of poverty.

How will our plan do this? It is based on empowerment, not eligibility. It focusses on getting people into jobs, and once people get jobs, helping them stay in those jobs by ending the "cliff effect."

And we want to bring men back into the families, because kids need a mom and a dad. We believe that while you have to be tough on child support, a dad is more than a paycheck.

Our plan ends the incentives that keep men from being involved in their families -- like the "man in the house rule." And it ends the incentives that keep people on welfare instead of working -- by making work pay more than welfare.

We have spent many months fashioning a real welfare reform plan that addresses welfare reform in terms of today's economic and social realities. And unlike the Republican proposal, we Democrats are ready to put our values into our lawbooks. That's what this plan is about.

###

STATEMENT OF SENATOR JOHN B. BREAUX
LEADERSHIP WELFARE REFORM BILL
JUNE 8, 1995

I think every American knows that real jobs, with real pay and responsibilities, are the cornerstone of welfare reform. When people on welfare become productive, taxpaying citizens, we all win.

Our Democratic welfare reform plan is called "Work First" because its principal goal is getting people on welfare into jobs, not another government program.

The Republican plan is not about work at all. Their plan is about cutting the budget today, not the welfare rolls tomorrow.

Our Work First plan gives states financial assistance when they put people in jobs, while the GOP plan gives dollars to states when they put people in programs.

Our plan is a real contract that promotes work. We invest in people and expect returns. We give the states and people on welfare the tools they need to find and hold down jobs -- then we hold them to their end of the bargain.

Under Work First, states get federal dollars by putting people into paying jobs and keeping them there. The Republicans want to monitor something they call the "participation rate" for welfare recipients, which in their plan includes people in training programs and government "make work." That's not reform.

Under Work First, states that don't meet our clear job goals suffer a real penalty in federal dollars. And states that do more to move people from welfare to work earn bonuses. The Republican plan has only a weak penalty for underperforming states -- it could be as little as a dollar -- and no incentives for states to exceed their goals.

WORK FIRST PLAN

TWO FUNDAMENTAL GOALS

- emphasis on work
- protection of children

CHANGING THE WELFARE CULTURE

- turning welfare offices into employment offices
- caseworker retraining to focus on employment

WORK FIRST EMPLOYMENT BLOCK GRANT

- focus on job creation and employment in the private sector through:
  placement services/vouchers; microenterprises/self-employment; work supplementation; a GAIN type program (as operated in Riverside County, CA, which sorts clients into two streams: (a) those needing education and (b) those job-ready who will be moving quicker into the workforce); a JOBS Plus type program (as operated by Oregon, which provides clients with on-the-job training at minimum wage in public or private sector jobs by cashing-out food stamps and AFDC); a Family Investment type program (as operated in Iowa, designed to move families off welfare and into self-sufficient employment); workfare or other work related options to employ welfare recipients
- tough work performance requirements
- tough penalties

TEMPORARY EMPLOYMENT ASSISTANCE

- no unconditional receipt of assistance
- time limits -- lifetime limit of five years; if after 24 months a family receiving TEA includes an adult who is not working at least 20 hours per week, the state must offer workfare or community service (to be designed by the states). If the adult refuses, the household grant is reduced by the 33%.
- no bona fide offer of work may be refused (without good cause)

PARENT EMPOWERMENT CONTRACT

- contract must be signed to receive TEA
- intensive job search is required
- contract designed to move the parent into the workforce as soon as possible

FAMILY SUPPORT

- encourages families to stay together
- extends Medicaid for two years during transition from welfare to work
- consolidates existing child care programs into one block grant and extends child care for two years during transition from welfare to work

STATE FLEXIBILITY

- grandfathers existing state waivers and expedites waiver process
- eligibility and benefit levels set by states
- resources, assets, and income disregard policies set by states
- employment block grant options designed by states

dpc background brief

Publication: BB-8-Social Services June 8, 1995

Democrats Unveil Welfare Reform Plan

Today, the Democratic leadership in the Senate will announce their welfare reform plan—a plan that promotes work, but protects kids. The "Work First" plan will dramatically change the current welfare system by:

- replacing Aid to Families with Dependent Children (AFDC) with a conditional entitlement of limited duration, Temporary Employment Assistance (TEA);
- requiring all able-bodied recipients to work;
- turning welfare offices into employment offices;
- guaranteeing child-care assistance; and,
- requiring both parents to contribute to the support of their children.

The "Work First" Plan

Temporary Employment Assistance

Under the Democratic plan, AFDC is abolished and replaced by TEA, a conditional entitlement of limited duration for families.

- **Assistance is conditional.** In order to receive assistance, *all* recipients *must* sign a Parent Empowerment Contract. This contract will contain an individualized plan to move the parent into the workforce as soon as possible. Those who refuse to sign a contract won't get assistance and tough sanctions apply to those not complying with the contract.

- **Assistance is time-limited.** From day one, all able-bodied recipients will be required to engage in an intensive job search. After *two months*, only clients who have signed the Parent Empowerment Contract and are working toward its objectives can continue receiving assistance. After *two years*, if an individual is not working, States will be required to offer workfare or community service. Again, tough sanctions apply to those who refuse to participate in workfare. No family may receive assistance for more than *five years* except in limited circumstances.

- **Children always are protected.** Even if a parent loses TEA benefits, vouchers, in the amount of a child's portion of the grant, will be available to provide for the child's essentials, such as housing. In addition, children will remain eligible for food stamps, school lunch and school breakfast, and Medicaid.

Work First

The Democratic plan emphasizes work by establishing the "Work First" Employment Block Grant for States. The focus is on work: providing the means and the tools needed to get welfare recipients *into* jobs and to *keep* them in the workforce.

All able-bodied recipients must work. For those recipients still looking for work after the initial two months of job search, the State may provide any of a number of services to assist recipients in obtaining jobs, including, but not limited to:

- job-placement vouchers;

- wage subsidy/work supplementation;

- microenterprise development/self-employment;

- a GAIN-type program like that operated by Riverside County, California which sorts clients into two streams: (a) those needing education and (b) those job-ready who will be moving more quickly into the workforce;

- a JOBS Plus-type program like that operated by the State of Oregon which provides on-the-job training opportunities for clients in private and public sector jobs by cashing out AFDC and food stamps; and,

- a Family Investment-type program like that operated by the State of Iowa, designed to move families off of welfare and into self-sufficient employment; and,

- on-the-job training or other training or education for work preparation that will bring about employment in the private sector.

States given the resources to emphasize work. Under the Democratic plan, States are given the resources to help welfare recipients not only *get* a job but also *remain* in the workforce.

- **Flexibility:** States would set all eligibility rules, enabling States to make work pay more than welfare. States set benefit levels, resource limits, asset levels, and income disregard policies.

- **Funding:** the "Work First" block grant provides States with the funds necessary to assist them with the cost of putting welfare recipients to work. Funding would be increased and the Federal match rate would be increased to 70/30 with ten percentage points higher than the Medicaid match rate.

- **Child Care:** to help recipients keep a job, child care assistance would be made available to all those required to prepare for work or work. Three current child care programs (AFDC child care, transitional child care, and at-risk child care) would be consolidated into the Child Care Development Block Grant Program (CCDBG) authored by Senators Dodd and Hatch in 1990. The CCDBG would be expanded to cover welfare recipients required to work, those transitioning from welfare to work, and the working poor up to the poverty level. The Federal match rate would be increased to 70/30 or ten percentage points higher than the Medicaid match rate.

- **Health care:** to encourage clients to stay in jobs by making employment more attractive than welfare, Medicaid coverage will be extended by an additional 12 months beyond the current one-year transition period.

We count *work*, not "participation." Under the "Work First" plan, States would focus on getting recipients into *real* jobs, getting credit only for:

- those leaving welfare for work;
- those working 20 hours or more per week (even if still receiving benefits); and,
- those working 20 hours or more per week in subsidized jobs (but not workfare) unless recipients live in areas of high unemployment.

By the year 2000, States will be required to achieve a work performance rate of 50 percent, which would mean an unprecedented number of welfare recipients would be working.

Community service for those who don't work. Those not working within two years must perform workfare or community service as designed by the State. Even those who are exempt from the work requirement (ill, aged, incapacitated recipients, those caring for a disabled child or relative, or those with a child under age one) will have obligations. They could be required to perform community service as defined by the State, such as volunteering at their children's school, or they must take responsibility as outlined in their Parent Empowerment Contract, such as having their children properly immunized

Absent Parents

Absent parents. Absent parents who are delinquent on their child support payments may:

- choose to enter into a repayment plan with the State; or,
- choose between a community service job or jail.

States would have the option of providing job placement services to absent parents, on the condition that, once employed, they meet their child support obligations.

Keeping families together. States may serve unemployed fathers in job placement under the "Work First" Block Grant program in an effort to encourage families to stay together to work their way off welfare.

Teens

Teen parents. Under the Democratic plan, the message to teen parents is clear: stay at home and stay in school. No longer will a teenage parent be able to drop out of school and establish a separate household, creating the cycle of dependency that is difficult to break.

- **Stay at home.** Custodial parents under the age of 18 would be required to live at home with an adult family member or in an adult supervised group home, in order to qualify for TEA benefits.

- **Stay in school.** Teen mothers would be required to remain in school or in an alternative technical or trade program through age 18 (age 19 at State option) in order to qualify for TEA benefits. In addition, teen mothers would be required to participate in substance abuse treatment programs, when deemed necessary.

Teen pregnancy prevention. The number of children born to unwed teenagers has risen sharply in recent years. The Democratic plan addresses this problem by including grants to States for the design and implementation of teen pregnancy prevention programs. Such programs would be operated by State agencies, local agencies, publicly supported organizations, private nonprofits, as well as consortia of such entities. Governors would select projects with preferences given to those targeting:

- both young men and young women;

- areas with high teen pregnancy rates; or,

- areas with a high incidence of individuals receiving AFDC.

Waivers

All existing waivers are grandfathered. At State option, States can opt out of their waivers. In considering an application for a new waiver, there will be a presumption for approval for requests similar to one already approved.

BRIEF COMPARISON OF MAJOR PROVISIONS IN WELFARE PLANS

Item	House bill	Finance Committee	Dem Leadership
AFDC Entitle-ment	Abolishes AFDC. Turns AFDC into a state entitlement block grant, which is capped. No guarantee of assistance for a poor family.	Abolishes AFDC. Turns AFDC into a state entitlement block grant, which is capped. No guarantee of assistance for a poor family.	Abolishes AFDC. Creates new Temporary Employment Assistance, a conditional individual entitlement of limited duration.
Time Limits	5 year lifetime limit, with state option for less time.	5 year lifetime limit, with state option for less time.	5 year lifetime limit, with reduced grant after 2 years for parents refusing workfare or community service.
State Match/ benefits	No state match required. Benefits can be cut to any level.	No state match required. Benefits can be cut to any level.	Retains state match requirement. Retains current law: benefits can be reduced, but not below 1988.
State Plan	Plan submitted to HHS Sec.	Plan submitted to HHS Sec.	Plan submitted to HHS Sec and deemed approved if not rejected w/in 120 days.
Personal Contract	None	None	Parent Empowerment Contract. Must sign to receive aid; must follow or penalty.

Item	House bill	Finance Committee	Dem Leadership
JOBS program	Abolishes JOBS. JOBS would be consolidated with AFDC in a fixed amount of $ over 5 years. Unfunded mandates for states to meet work requirements.	Abolishes JOBS. JOBS would be consolidated with AFDC and child care funding and frozen at FY94 levels for 5 years. Unfunded mandates for states to meet work requirements.	Abolishes JOBS. Creates new Work First Employment Block Grant. Sufficient funds are provided to ensure that no unfunded mandates are passed on to states in meeting work requirements. Federal match increased to 70/30 or 10 percentage points above FMAP.
Participation rates: (Current law is 20%)	**Participation Requirements** FY96 10% FY97 15% FY98 20% FY99 25% FY00 27% FY01 29% FY02 40% FY03 50%	**Participation Requirements** FY96 20% FY97 30% FY98 35% FY99 40% FY00 45% FY01 50% FY02 50% FY03 50%	**Work Requirements** FY96 30% FY97 35% FY98 40% FY99 45% FY00 50% FY01 50% FY02 50% FY03 50% * only work is counted; the rates measure work, not "participation"
Hours of work per week req'd. (current law is 20 hours per week)	FY96 20 97&98 20 FY99 25 FY00 30 FY01 30 FY02+ 35	FY96 20 '97&98 20 FY99 20 FY00 20 FY01 20 FY02+ 20	FY96 20 '97&98 20 FY99 20 FY00 20 FY01 20 FY02+ 20 (State option for 30 hours per week)
Rainy day fund	**Rainy Day Loans** Loans to be repaid with interest. Loans triggered by UI rules (UI % in excess of 6.5%)	**Rainy Day Loans** $1.7 billion loan fund created. Loans to be repaid with interest within 3 years. Loan not to	**Bonus for Employment** Since entitlement, no need for "rainy day fund", but bonus system for

Item	House bill	Finance Committee	Dem Leadership
Rainy Day fund (cont'd)		exceed 10% of state grant. Only states that have never had a penalty may qualify for a loan.	employment. Bonus $ can be used for Work First Employment block grant or child care.
State Penalty	Failure to meet participation rates would result in 5% cut in state annual grant.	Failure to meet participation rates would result in 5% cut in state annual grant.	Sec. can make recommendations for improvement (1st time) and require a 10% reduction in the federal admin match for TEA administrative expenses (2nd time).
Individual Penalty	State determines level below current benefit.	State determines level below current benefit.	33% cut 1st time; 66% cut 2nd time; off TEA 3rd time.
Earnings	State decision.	State decision.	State decision.
Resources	State decision.	State decision.	State decision.
Assets	State decision.	State decision.	State decision.
Minor Parents	No $	State decision.	Live at home or w/adults.
X-fer $	Allows x-fer of 30% of block grant for other purposes.	Silent on transfer issue.	No x-fer, but bonus $ can be used for Work First Employment block grant or child care.
Child Care	Authorized funding only; no guarantee of child care assistance for those transitioning to work.	$ consolidated with AFDC & JOBS $. No guarantee of child care assistance for those transitioning to work. No guarantee of child care for parents with children age 6 or older. No additional child care money	Existing child care programs consolidated into 1 block grant. Guarantees child care for those required to work or prepare for work. 1 year transitional coverage retained and extended an additional year on a

Item	House Bill	Finance Committee	Dem Leadership
child care (continued)		provided to meet increasing participation rates.	sliding fee scale at state option. Working poor families with income up to 100% of poverty phased in. Fed match increased to 70/30 or 10 percentage points higher than FMAP.
Medicaid	Current law, 1 year of transitional Medicaid for those working.	Current law, 1 year of transitional Medicaid for those working.	1 year transitional coverage retained and extended for one year on a sliding fee scale.

STATE FLEXIBILITY UNDER WORK FIRST

States would have an unprecedented amount of flexibility:

- States set their own benefit levels, countable assets, resource limits, and income disregard policies
- States design their own programs for moving recipients from welfare to work.
- States design the Parent Empowerment Contracts outlining how each welfare recipient will become employed.
- States have the freedom to consolidate and streamline welfare operations to function more efficiently and turn welfare offices into employment offices.
- States design their own job search programs geared to helping welfare recipients look for work.
- States determine the form of support to provide to recipients: direct benefits, wage subsidies to employers, vouchers, etc.
- States determine who their employment block grant will serve (from welfare mothers to unemployed fathers).
- States design and determine workfare or community service jobs appropriate for those welfare recipients not employed within 2 years.
- States determine whether they will treat "interstate" immigrants differently.
- States are provided with "seamless" child care assistance so that the need of the family would determine the assistance they receive, not the category of federal program money that's available.
- States retain the option of administering their programs under existing waivers.
- States have the option of requiring participants to undergo appropriate substance abuse treatment where necessary.
- States have the option of providing more than the $50 pass through of child support to welfare families.
- States have the flexibility to design innovative teen pregnancy prevention programs.
- States have greater freedom to design programs to keep fathers in the home, including offering employment services to noncustodial parents.
- States have the option of using a portion of their employment block grant funds for other work-related purposes necessary to help clients get and keep a job (including emergency day care, uniforms, eyeglasses, and transportation).

Daschle Press Conference on "Work First" 6/8/95

The following members made opening statements:

Daschle, Mikulski, Breaux, Ford, Dorgan and Rockefeller

Some of their statements are included in the attached packet. Daschle said that the Democrats plan and the Packwood plan both save money, but the difference is that the Democratic approach takes savings and generates work, protects children, and allows state flexibility. Daschle allowed a brief amount of time for questions. The questions focussed on the following:

CBO scoring-Daschle and Breaux said CBO is currently scoring the "Work First" plan. Breaux emphasized that savings created by the plan will cover the costs so there will be no additional dollars incurred.

Recipients who cannot find jobs-Daschle explained that able-bodied welfare recipients will have two years to find a job. They will also be allowed to find a job over the course of five years, but no more.

State flexibility-Daschle said states will have the opportunity to set up alternative work plans, i.e. Workfare, vouchers...They will not have the option to do nothing.

Deficit Reduction-Cuts in Social Security, Disability, etc. will create savings that can be used in the welfare program. This plan allows for extra dollars to go towards deficit reduction.

Work participation-goal of 50% participation by the year 2000.

Administration's position-Daschle said the President stated his support for "Work First" yesterday. The President said this is the approach that should be used as we reform the welfare system. He stressed his opposition to the Republican plan.

SENATE DEMOCRATIC LEADERSHIP

WELFARE REFORM PLAN

WORK FIRST ACT

PRINCIPAL SPONSORS: SENATORS DASCHLE, MIKULSKI, & BREAUX

WORK FIRST RESPONSIBILITY ACT PRINCIPLES

* Put Work First
* Help People Not Only Get Off Welfare, But Stay Off
* Safety Net for Children
* Restore the Role of Men in Families
* Enhance State Flexibility
* Move From Eligibility to Empowerment
* Fight Teen Pregnancy

PUTTING WORK FIRST FRAMEWORK

* Move from income maintenance to employment assistance.
* The best job training is on the job.
* Everyone must do something for benefits.
* All able bodied recipients must work.
* Count work, not participation in training, as measure of success.

PUTTING WORK FIRST PROGRAM

Moving From Income Maintenance to Employment Assistance.

* **Eliminate AFDC.** Abolishes Aid to Families with Dependent Children (AFDC).

* **Temporary Employment Assistance.** Replace AFDC with Temporary Employment Assistance (TEA), a new conditional entitlement for poor families with children.

* **Job Readiness Assessment.** Individuals who apply for TEA would immediately undergo a job readiness assessment by the relevant state agency.

* **Parent Empowerment Contract.** As a result of the assessment, a recipient would be required to sign an individualized contract outlining a plan to move them into the workforce as quickly as possible. Failure to sign the contract disqualifies a household from receiving TEA. [Comparable to Iowa state model]

* **Job Search.** During the first two months of TEA assistance, all able-bodied recipients must engage in intensive job search. Recipients must accept a job offered to them unless they have good cause for rejecting an offer.

Moving From Income Maintenance to Employment Assistance.

* **Work Requirements.** If, after two years of TEA assistance, a recipient is not working in the private sector at least 20 hours a week, states must offer workfare or community service. Refusal to engage in workfare causes benefit reductions.

* **Lifetime Time Limit.** No family may receive TEA for more than five years.

  -- Hardship exceptions to lifetime limit:

    - Families living in areas of high unemployment (7.5%);
    - Children living with relatives other than a parent;
    - Teen parents until age of 18 (so long as they stay in school);
    - Those working 20 hours a week (state option);
    - Those who are ill, incapacitated or aged;
    - Those with children under one;
    - Those caring for a child or parent who is ill or incapacitated; &
    - 15% of a state's caseload [other than hardship categories].

The Best Job Training Is On The Job.

* Most AFDC recipients cycle on & off of welfare.

* A solution: Intensive focus on job search & job placement.

* The Work First Emphasis: The best job training is on the job.

  -- Change the welfare system's emphasis to finding and keeping a job.

  -- Just as individuals will be asked to adopt a work first mentality, so will state bureaucracies that operate welfare programs.

* **Work First Employment Block Grant.**

-- Replace the Job Opportunities and Basic Skills (JOBS) training program created in 1988 with a Work First Employment Block Grant (WFEBG) for states.

  o The new block grant is results oriented.

  o The existing JOBS program is requirements (i.e., process) oriented.

-- The current program (JOBS) is highly prescriptive.

  o Mandates that states provide 4 activities: high school, job skills training, job readiness, & job development/placement.

  o Mandates states offer at least 2 of 4 additional activities: job search, on-the-job training, community work experience, or work supplementation.

* **Work First Employment Block Grant.**

-- The new block grant gives states flexibility to design their own program.

- o The only requirement -- that an increasing number of their state's welfare recipients go to work, and stay at work.
- o Funding would be increased above the current JOBS level (now about $1 billion a year), and would emphasize work as its objective.
- o Would be a single funding stream, unlike the current JOBS program which has two pots.
- o Education and skills training would support job search & placement, not be ends in and of themselves.
- o Federal/state match would be 70/30 (as opposed to 60/40 under JOBS).

* **Use existing, successful state models.**

  -- The JOBS program is highly prescriptive on what states can do.

  -- The new WFEBG would give states broad discretion to implement a program that draws upon the most successful state programs.

  -- Eligible activities could include (but not be limited to):

    - Job search
    - Job placement vouchers (like America Works in NY)
    - Wage subsidies/work supplementation
    - On-the-job-training
    - Microenterprise development/self-employment
    - GAIN-type program (Riverside County, CA)
    - JOBS Plus-type program (Oregon) - cashes out AFDC & Food Stamps
    - Family Investment Program (Iowa)
    - Workfare (public sector work)/community service
    - Other training or education for work preparation that brings about employment

Everyone Must Do Something for Benefits.

* Parent Empowerment Contract.

  -- Developed by agency in consultation with recipient.

  -- Recipient must sign as condition of receiving benefits.

  -- Benefits reduced for contract violations. Three violations and you're out.

* **Parent Empowerment Contract Conditions.**

-- Participate in job search, moving to work as quickly as possible.

-- Must accept bona fide offer of unsubsidized full-time employment unless there's good cause.

-- Attend and maintain attendance in school (where applicable).

-- Keep school-age children in school & immunized (Maryland).

-- Undertake education, job counseling or other services, if necessary, to obtain private sector employment.

-- 20 hours a week in contract activities (30 hours at state option).

-- At state option, undergo appropriate substance abuse treatment.

-- Participate in any other activities to promote and develop personal responsibility, self-sufficiency & parenting skills.

Count Work, Not Participation in Training

* Work is key indicator. State success will be measured by number of number of welfare recipients who are moved to work.

* Work First Work Performance Requirements:

  -- FY 1996 30% (of a state's caseload)
  -- FY 1997 35%
  -- FY 1998 40%
  -- FY 1999 45%
  -- FY 2000+ 50%

* Tough Penalties for States for Noncompliance: States who fail to reach target will be penalized 10% of their federal funds for administrative costs.

* Employment Bonus Funds: For states who are high performers in moving people from welfare to private sector work, there will be a pool of bonus funds in the Work First Employment Block Grant to reward them for significant progress from year to year.

Can a Work First Approach Succeed?

* The Riverside County, California Experience.

  -- As part of California's GAIN program, Riverside County has shown significant progress in moving people off of welfare.

  -- Emphasis on getting a job quickly, strong reliance on job search, some use of education, tough enforcement of participation requirements, close links to the private sector, & an outcome-based management style.

  -- The results:

    - 50% increase in earnings of welfare recipients.
    - 15% decline in welfare outlays.
    - 26% increase in number of welfare recipients working.
    - Returned $3 (lower welfare costs & increased tax revenues) for every $1 spent on the program.

HELPING PEOPLE NOT ONLY GET OFF WELFARE, BUT STAY OFF

* End the cliff effect.

  -- Today when people go from welfare to work, disposable income does not rise dollar-for-dollar because federal assistance drops off rather quickly, like a cliff.

* Two major obstacles to Permanent Work: Loss of Child Care & Health Insurance

  -- All AFDC families have children.

  -- Over 60% have children age 5 or under, 2/3 of which are children under age 3.

* Child care costs.

  -- Average % of income spent on child care.

    o Above poverty: 9%

    o Below poverty: 23%

HELPING PEOPLE NOT ONLY GET OFF WELFARE, BUT STAY OFF

* What's needed: giving people the tools to stay off of welfare.

* Work First Child Care Proposal.

  -- Consolidate existing 4 federal child care programs into a single block grant.

  -- Expand guarantee of child care for those moving from welfare to work by giving states the option to expand coverage from current 1 year period to include a second year (based on a sliding fee scale).

  -- Over five years, phase in expansion of child care coverage for working poor for those up to 100% of poverty [c. $14,000 for family of 4] (based on a sliding fee scale).

HELPING PEOPLE NOT ONLY GET OFF WELFARE, BUT STAY OFF

* Health Insurance.

  -- Medicaid today covers about half of all persons in poverty.

  -- For recipients leaving welfare, Medicaid is now available for 1 year.

  -- Work First Proposal extends Medicaid eligibility for those leaving welfare for two full years (based on a sliding fee scale).

SAFETY NET FOR CHILDREN

* Preserves budgetary guarantee.

  -- If a family is eligible, funds will be available through the Temporary Employment Assistance Program.

  -- No benefit reductions or cut off as a result of recession, growth in population, or periods of chronic high unemployment.

* Preserves Food Stamps and Federal Nutrition programs.

  -- Retains funding guarantee unlike others that propose a block grant.

* Preserves current guarantees for Foster Care and Adoption Assistance.

* More reasonable approach to eligibility of children under the SSI program.

* Medicaid & child care extensions ensure primary, preventive care for children of mothers moving into the workforce.

RESTORE THE ROLE OF MEN IN FAMILIES

Facts on Men & Welfare. (Kids Count Data Book, 1995, Annie E. Casey Foundation)

* Only 12% of AFDC families have two parents.

* The poverty rate for female-headed households is 36%, compared to 7% for those in married-couple families.

* Between 1969 & 1993:

  -- Number of children living in fatherless families more than doubled, from 11% to 24%.

  -- Percentage of men who could not earn enough to support a family of four rose from 14% to over 32%.

Work First Steps to Restore the Role of Men: Child Rearing & Child Support.

* Bring men back into the house.

  -- Eliminate the Man-in-the-House Rule, which prohibits women from receiving AFDC if they have a spouse working part-time in the house.

* Restoring the role of absent fathers.

  -- Must identify paternity.

  -- Absent parents with child support arrearages would be given a choice:

    o enter into a repayment plan with the state; or

    o choose between a community service job (to pay off their arrearage) or jail.

Work First Steps to Restore the Role of Men: Child Rearing & Child Support.

* Provide job placement services for absent fathers.

  -- States have option to give fathers job placement services.

* Insist on child rearing role for teenage fathers.

  -- Through Parent Empowerment Contract, require that both parents take an active role in child rearing.

The Role of Men & Child Support.

* The Child Support Gap

  -- Recent Census Bureau study found:

    o Fewer than half of non-custodial parents make any child support payments.

    o Only a quarter pay the full amount awarded.

  -- Total ordered child support payments (1991): $17.7 billion

    o Actually paid: $11.9 billion

    o Uncollected: $ 5.8 billion

  -- 54% of custodial parents had child support order (1991).

Work First Steps to Improve Child Support.

* Require state uniformity of child support laws (Uniform Interstate Family Support Act).

  -- Paternity, subpoenas, liens, financial information access, and suspension of professional and drivers' licenses.

* IRS refunds and military pay subject to child support collection.

* States must establish a central registry of support orders. State registries feed into a national network.

  -- A national data bank on support and a directory of New Hires.

  -- Expanded locator allows states to enforce orders, establish paternity and modify orders.

* Continue $50/month pass-through to families of child support payments.

  -- Give states option to pass through more than $50.

ENHANCE STATE FLEXIBILITY

* States may set:
  - -- benefit levels [so long as no lower than 1988];
  - -- countable assets;
  - -- resource levels; &
  - -- income disregard policies.

* All existing state waivers from HHS are grandfathered.
  - -- States have option to opt out of existing waivers if they prefer Work First.

* All state plans must be approved within 90 days by HHS.
  - -- If states propose an option already in effect under an existing waiver in another state, it is given presumption of approval.

* States given flexibility to design:
  - -- Parent Empowerment Contracts;
  - -- Job search and employment programs; &
  - -- Workfare & community service.

MOVE FROM ELIGIBILITY TO EMPOWERMENT

* Change culture of welfare offices.

  -- States must incentivize welfare offices to make finding private sector work for welfare recipients their primary objective.

  -- Includes using employment block grant funds to provide bonus money to employees to reward exceptional placement & retention of TEA clients in jobs.

* Caseworker Training.

  -- Requires training caseworkers and related personnel (including the use of incentives) as may be necessary to ensure successful job placements that result in full-time private sector employment for program clients.

* Case Management.

  -- States must assign each client a case manager who meets with the client to develop a Parent Empowerment Contract, within 10 days of application for TEA.

MOVE FROM ELIGIBILITY TO EMPOWERMENT

* Consolidation and Streamlining/One-Stop Shops.

  -- Encourage states to use innovation to make the system more efficient, to emphasize job placement first, and to restore common sense to a system that has become detached and too bureaucratic.

  -- State welfare offices are encouraged to streamline and consolidate activities to simplify the process of applying for a range of assistance programs.

  -- One-stop offices would be encouraged to coordinate the application process for low-income individuals and to ensure that applicants and recipients receive the information they need regarding the range of available assistance (from job placement, to job openings, to individual assistance programs, etc.).

  -- Forms used by state offices must be easily understandable.

  -- Case management team model should be encouraged instead of assembly line approach to case management.

FIGHTING TEEN PREGNANCY

* Stay at Home and Stay in School.

  -- Custodial parents under the age of 18 would be required to live at home with an adult family member or in an adult-supervised group home in order to qualify for Temporary Employment Assistance.

  -- Funds will be designated under the Title XX Social Service Block Grant to pay each year for Second Chance Homes (adult-supervised homes for teenage mothers and their children).

  -- Teen mothers would be required to continue education or alternative technical or trade programs through age 18 (age 19 at state option) in order to qualify for TEA benefits.

  -- Teen mothers required to participate in substance abuse treatment programs through age 18 when deemed necessary.

FIGHTING TEEN PREGNANCY

* Incentives & penalties.

  -- States have option:

    o to impose a sanction against the TEA benefit of teen mothers who do not attend school regularly; &

    o to apply a bonus to the TEA benefit of teen mothers who do attend regularly.

* Teen Pregnancy Prevention.

  -- As a condition of qualifying for Employment Block Grant funds, states must outline a strategy for reducing teen pregnancy.

  -- Funds will be designated under the Title XX Social Service Block Grant to pay each year for teenage pregnancy prevention programs. Preference must go to applications targeting both young men and young women, areas with high teen pregnancy rates, or areas with a high incidence of individuals receiving AFDC.

REAL WELFARE REFORM: THE WORK FIRST SOLUTION

* Firm on work, conditioning assistance upon a recipient's commitment to work.

* Providing the child care, health care, and job placement activities to get people off and stay off.

* Ensuring a safety net for children through guaranteed assistance.

* Taking the steps to restore men in families.

* Providing state's with flexibility that enables them to move from the current eligibility model to one that empowers welfare recipients to work.

* Taking the tough steps to fight teen pregnancy and out-of-wedlock births.

SUMMARY OF PROPOSALS UNDER DISCUSSION

NOTE: Options are arrayed from most dramatic change (House bill) through least change (Conrad bill) to no change (current policy).

	House	Moynihan	Commission	Conrad	Current Law
Retain Cash	Only for 20%	YES	YES	YES	--
Block Grant	YES	NO	NO	NO	NO
IFA	Eliminate Past and Future	Retain	Eliminate Future Only	Retain	--
Functional Equals Standards	No change	No change	Expand	Tighten	--
"Maladaptive behavior"	No change	Tighten	Eliminate	Tighten	--
CDR's	Every 3 years	Every 3 years	Every 2 years	Every 3 years (7 years if no improvement expected)	1/3 of children turning 18
Move to HHS	NO	--	YES	NO	--
5 Year Cost Estimate	$11 Billion	$5 Billion	$3 Billion	$2 Billion	--

United States of America

Senator John Breaux

Democrat-Louisiana

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FOR IMMEDIATE RELEASE **May 23, 1995**

BREAUX: WELFARE REFORM MUST REQUIRE WORK, PROTECT CHILDREN

WASHINGTON (May 23) -- The driving force behind any welfare legislation must be getting people off welfare and into jobs, Sen. John Breaux (D-La.) said at a press conference this morning.

"The real debate should not be whether the federal or state governments handle the problem, but how to best move more people from welfare to work," Sen. Breaux said. "We need a federal-state partnership to share both in the cost of putting welfare parents to work and the responsibility of protecting innocent children."

Senate Minority Leader Tom Daschle (D-S.D.) and Sen. Barbara Mikulski (D-Md.) joined Sen. Breaux, who is a member of the Senate Finance Committee. The committee is scheduled to markup a Senate welfare reform bill starting Wednesday.

"The Republican's welfare reform proposal is not real reform -- it simply gives states a check and requires nothing in return," Sen. Breaux said. "Under the GOP's block grant proposal, states could take the money they now spend to help poor families and use it for anything -- and that's not fair."

Sen. Breaux said that while the three Democratic Senators will not offer their leadership plan in the committee markup, they do plan to take the best of all the Democratic welfare reform proposals and offer a constructive alternative on the Senate floor next month.

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TOM DASCHLE
SOUTH DAKOTA

United States Senate
Office of the Democratic Leader
Washington, DC 20510-7020

STATEMENT BY SENATE DEMOCRATIC LEADER TOM DASCHLE ON THE PRINCIPLES OF WORKABLE WELFARE REFORM
MAY 23, 1995

Tomorrow the Senate Finance Committee is scheduled to start marking up a welfare reform proposal by Committee Chairman Bob Packwood.

We hope that Senator Packwood's proposal will not repeat the mistakes of the extremist welfare reform bill passed by the House, which is weak on work and tough on kids. But frankly, we are not optimistic.

It is ironic -- and we believe, troubling -- that Senator Packwood is releasing his proposal the same week Senate Republicans are preparing to gut two programs that helps low-income families get off welfare, and stay off.
I'm talking about day care assistance for the working poor, and the Earned Income Tax Credit.

No less a Republican than Ronald Reagan called the Earned Income Tax Credit "the best anti-poverty, the best pro-family, the best job creation measure to come out of the Congress."

Unfortunately, this new, more extreme majority in Congress appears to have forgotten that.

We want to make sure our Republican colleagues don't suffer similar memory lapses as we debate welfare reform. So we are here to spell out very clearly the principles that Democrats believe are essential to any real, workable welfare reform plan. These are the standards by which we will evaluate all welfare reform plans from either side of the aisle.

First and foremost, welfare reform must be about work. The goal of any welfare reform plan must be to help people get good jobs and keep them. Period.

Right now, many families stay on welfare only a short time and leave the system very quickly. But they're back quickly, too -- and often for longer periods of time -- because they don't have the skills or resources to keep a job.

We need to replace the revolving door of welfare dependency with one door that leads families to a better future.

Many of our Republican colleagues are asking the wrong questions. Instead of asking how much -- or how little -- money should we spend on welfare, and how should that money be distributed, we should all be asking three basic questions:

- How can we better prepare welfare recipients for jobs?
- How can we place more welfare recipients in jobs?
- And how can we help former welfare recipients keep their jobs so they don't come back through that revolving door of dependency?

Just throwing families off welfare into the streets is not the answer.

As many of you know, Senators Breaux and Mikulski and I have been meeting for more than a month to sketch out what we consider to be a workable welfare reform plan.

In addition, several of my colleagues will be offering constructive amendments in the Finance Committee this week during markup of the Packwood proposal. We will then review the committee action and determine whether it is necessary to propose on the Senate floor a comprehensive alternative that we believe represents a consensus among Democratic senators.

PRELIMINARY DRAFT COST ESTIMATE FOR WORK FIRST PROPOSAL

OVISIONS	Additional Five Year Federal and State Costs			Additional Seven Year Federal and State Costs		
	Total	Federal	State	Total	Federal	State
STS						
eal AFDC Program (including EA and admin)	-158.6	-84.3	-74.3	-227.9	-122.7	-105.3
ate a Work First Program	149.3	75.4	73.9	206.6	110.9	95.6
D Work Program	8.7	5.4	3.3	14.4	8.9	5.5
ividual Empowerment Contracts	a	a	a	a	a	a
uses/b	5.0	5.0	0.0	7.0	7.0	0.0
tion A: Medicaid/Child Care SWAP (Children Below 130% of poverty)/c	26.1	31.1	-5.0	43.3	50.5	-7.2
tion B: Medicaid/Child Care SWAP (Children Below 100% of poverty)/c	15.3	20.3	-5.0	27.5	34.7	-7.2
TAL COSTS Option A	10.5	32.6	-2.1	43.3	54.7	-11.4
TAL COSTS Option B	19.7	21.8	-2.1	27.5	38.9	-11.4

tes:
Empowerment Contract costs included in cost of TEA.
Assumes $1 billion per year capped bonus.
Includes additional costs for TEA, TCC, working poor child care estimates and additional federal cost for shifting state baseline costs to the federal government. Assumes that federal government pays all costs through Medicaid. Assumes federal government pays state share of AFDC Child Care, TCC, and At-Risk Child Care.

SUMMARY TABLE OF LEADERSHIP PLAN
Preliminary Cost Estimate (Subject to Change)
As Drafted 5/13/95
(Caseload Numbers in 1000s_Dollars in Thousands.)

	1996	1997	1998	1999	2000	2001	2002
Projected Caseload	5,212	5,343	5,479	5,604	5,728	5,855	5,984
Projected Adult Caseload	4,378	4,491	4,602	4,707	4,812	4,918	5,027
Exemptions	1,095	1,123	1,151	1,177	1,203	1,230	1,257
Non-exempt Caseload	3,284	3,368	3,452	3,530	3,609	3,689	3,770
Reductions due to Program Effects	0	0	11	105	184	290	387
Reductions due to Time Limit Effects	0	0	0	0	0	233	495
Caseload After Time Limit and Program Effects	3,284	3,368	3,441	3,425	3,425	3,165	2,908
Participation Rate	20.0%	30.0%	64.6%	71.9%	80.2%	83.0%	87.0%
Countable Required in TAD Program	657	1,010	2,223	2,453	2,747	2,626	2,530
Number Combining Work and Welfare (5-15%)	219	269	344	414	483	571	625
Number of 12 Month Leavers (14%)	627	643	657	659	663	629	596
Total Leavers and Combiners	846	913	1,002	1,073	1,126	1,201	1,221
Program Slots Required	(189)	98	1,221	1,390	1,621	1,428	1,309
Current Law Participants	600	650	650	650	650	850	650

								5 YEAR COST	7 YEAR COS
Federal Cost of TAD (Excluding Child Care)	$110,000	$220,000	$1,270,000	$1,630,000	$2,140,000	$1,840,000	$1,880,000	$5,370,000	$8,890,000
Bonus	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$5,000,000	$7,000,000
Cost of child care medicaid swap @ 100% of poverty	$2,200,000	$2,400,000	$3,800,000	$4,500,000	$7,300,000	$7,200,000	$7,200,000	$20,200,000	$34,600,000
Cost of child care medicaid swap @ 130% of poverty	$4,200,000	$4,500,000	$6,000,000	$6,700,000	$9,600,000	$9,700,000	$9,700,000	$31,000,000	$50,400,000
Net Federal Cost of Work First with swap @ 100%	$3,310,000	$3,620,000	$6,070,000	$7,130,000	$10,440,000	$10,040,000	$9,880,000	$30,570,000	$50,490,000
Net Federal Cost of Work First with swap @ 130%	$5,310,000	$5,720,000	$8,270,000	$9,330,000	$12,740,000	$12,540,000	$12,380,000	$41,370,000	$68,290,000
Fed Savings from caseload reductions	$0	$0	($30,000)	($260,000)	($490,000)	($1,420,000)	($2,370,000)	($800,000)	($4,590,000)
Fed Savings from state flexibility	($260,000)	($550,000)	($850,000)	($1,160,000)	($1,480,000)	($1,450,000)	($1,410,000)	($4,300,000)	($7,160,000)
Net Cost with Savings with swap @ 100%	$3,050,000	$3,070,000	$5,190,000	$5,690,000	$8,470,000	$7,170,000	$6,100,000	$25,470,000	$38,740,000
Net Cost with Savings with swap @ 130%	$5,050,000	$5,170,000	$7,380,000	$7,890,000	$10,770,000	$9,670,000	$8,600,000	$36,270,000	$54,540,000

5/13/95

Assumptions Used in Cost Estimate of the Conrad WAGE Program

(1) The estimates of the adult caseload assume 16 percent of the caseload is composed of child-only cases.

(2) Based on 1993 QC data, 12 percent of the adult caseload is exempted based on the criteria in the bill.

(3) Reductions due to program effects are based on GAIN program effects. There are no program effects until the WAGE program serves more participants than required under current law. If the number required in a WAGE program activity is less than current law, the current law number of participants are assumed.

(4) The percentage combining work and welfare increases from 5 percent in 1996 to 15 percent in 2002. (6 percent in FY97, 7.5 percent in FY98, 9 percent in FY99, 10 percent in FY00, 13 percent in FY01.)

(5) The percentage sanctioned is 1 percent in FY96, 2 percent in FY97, and 3 percent in FY97 and thereafter.

(6) Those who leave welfare for work only count in the numerator of the participation rate. Based on Pavetti's model, the percentage who leave welfare for work for 6 months is 10 percent. The percentage who leave welfare for work for 12 months is 18 percent.

(7) After subtracting combiners, the number sanctioned, and those leaving welfare for work, the remaining number required to participate is split 50/50 between work activities and education and training activities.

(8) The flexibility in changed asset rules and earning disregards is offset by flexibility in the child exclusion and benefit rules.

(9) This preliminary estimate assumes that the number of states receiving a bonus is offset by the additional flexibility to lower benefits after 12 months.

MMARY TABLE FOR CONRAD PROPOSAL 05/13/95 04:18 PM
liminary Cost Estimate (Subject to Change)
Drafted 5/11/95: 12 Month Leavers
seload Number and Dollars in Thousands)

	1996	1997	1998	1999	2000	2001	2002		
jected Caseload	5,212	5,346	5,479	5,604	5,728	5,855	5,984		
jected Adult Caseload	4,378	4,491	4,502	4,707	4,812	4,918	5,027		
mptions	55%	12%	12%	12%	12%	12%	12%		
-exempt Adult Caseload	1,970	3,952	4,050	4,142	4,234	4,328	4,423		
luctions due to program effects	0%	0%	0.0%	0.0%	0.0%	0.3%	3.0%		
eload after program effect	1,970	3,952	4,050	4,142	4,234	4,328	4,423		
ticipation Rate	25%	35%	40%	45%	50%	60%	70%		
ntable Required In WAGE Program	600	1,383	1,620	1,864	2,117	2,597	3,096		
nber Combining Work and Welfare (5-15%)	219	269	345	424	481	639	754		
nber of 12 Month Leavers (18%)	788	808	828	847	866	885	905		
nber Sanctioned (1-3%)	44	90	138	141	144	148	151		
al Leavers, Combiners, Sanctioned	1051	1168	1312	1412	1492	1672	1810		
gram Slots Required	-451	216	308	452	625	925	1287		
rent Law Participants	600	650	650	650	650	650	650		
								5 Year Costs	7 Year Costs
eral Cost of WAGE Program (including child care)	$0	$1,360,000	$1,500,000	$1,820,000	$2,110,000	$2,860,000	$4,320,000	$6,790,000	$13,970,000
al Federal Cost of Block Grant	$0	$5,020,000	$5,270,000	$5,700,000	$6,110,000	$6,980,000	$8,560,000	$22,100,000	$37,640,000
al Federal Cost of Block Grant With Performance Aw	$0	$5,220,000	$5,670,000	$6,300,000	$6,910,000	$7,980,000	$9,560,000	$24,100,000	$41,640,000
Cost of Block Grant (Not Including Current Law $s)	$0	$460,000	$800,000	$1,280,000	$1,710,000	$2,600,000	$4,000,000	$4,250,000	$10,850,000
eral AFDC Savings	$0	($110,000)	($180,000)	($190,000)	($190,000)	($200,000)	($210,000)	($670,000)	($1,080,000)
Cost With Savings	$0	$340,000	$620,000	$1,090,000	$1,510,000	$2,400,000	$3,790,000	$3,560,000	$9,750,000

IARY TABLE FOR CONRAD PROPOSAL 05/13/95 03:39 PM
ary Cost Estimate (Subject to Change)
ified 5/11/95: 6 Month Leavers
and Numbers and Dollars in Thousands.)

	1996	1997	1998	1999	2000	2001	2002
ted Caseload	5,212	5,346	5,479	5,604	5,728	5,855	5,984
ted Adult Caseload	4,378	4,491	4,602	4,707	4,812	4,918	5,027
tions	55%	12%	12%	12%	12%	12%	12%
exempt Adult Caseload	1,970	3,952	4,050	4,142	4,234	4,328	4,423
tions due to program effects	0%	0%	0.3%	3.0%	5.1%	7.9%	9.7%
ad after program effect	1,970	3,952	4,038	4,019	4,221	4,199	4,198
ipation Rate	25%	35%	40%	45%	50%	60%	70%
able Required In WAGE Program	600	1,383	1,615	1,809	2,111	2,519	2,939
er Combining Work and Welfare (5-15%)	219	269	344	413	480	623	720
er of 6 Month Leavers (10%)	438	449	460	471	481	492	503
er Sanctioned (1-3%)	44	90	138	138	144	144	144
Leavers, Combiners, Sanctioned	700	808	942	1021	1105	1258	1367
am Slots Required	-100	575	673	788	1006	1261	1572
nt Law Participants	600	650	650	650	650	650	650

								5 Year Cost	7 Year Cost
al Cost of WAGE Program (including child care)	$0	$1,360,000	$1,540,000	$2,030,000	$2,860,000	$3,980,000	$5,300,000	$7,790,000	$17,070,000
Federal Cost of Block Grant	$0	$5,020,000	$5,310,000	$5,920,000	$6,860,000	$8,100,000	$9,540,000	$23,110,000	$40,750,000
Federal Cost of Block Grant With Performance Award	$0	$5,220,000	$5,710,000	$6,520,000	$7,660,000	$9,100,000	$10,540,000	$25,110,000	$44,750,000
ost of Block Grant (Not Including Current Law $s)	$0	$460,000	$840,000	$1,490,000	$2,450,000	$3,720,000	$4,980,000	$5,240,000	$11,940,000
al AFDC Savings	$0	($110,000)	($210,000)	($510,000)	($230,000)	($540,000)	($820,000)	($1,060,000)	($2,420,000)
ost With Savings	$0	$340,000	$630,000	$990,000	$2,230,000	$3,170,000	$4,160,000	$4,190,000	$11,520,000

"(A) provided for --

(i) disregards of earned income by the family in amounts equivalent to being in excess of the first $90 plus one-quarter of the remainder each month of earned incomeas calculated for a family of three working, (states claiming bonus amounts under this provision shall demonstrate that their disregard policies exceed the above amount for families of three working 20 hours, 30 hours and 40 hours per week at the federal minimum wage), and

(ii) disregard of any Federal income tax refund paid to the family under section 32 of the Internal Revenue Code of 1986 (relating to earned income tax credit) and any payment made to the family by an employer under section 3507 of the Code (relating to advance payment of earned income tax credit).

AFDC CASELOAD BY STATE

Number of Cases

	Feb-94	Feb-95	percent change
Virgin Islands	1,080	1,300	20.4%
Nevada	13,888	15,900	14.5%
Guam	1,843	2,100	13.9%
Idaho	8,748	9,400	7.5%
Hawaii	20,004	21,400	7.0%
Connecticut	58,775	61,200	4.1%
New Mexico	33,491	34,000	3.3%
New York	451,312	460,700	2.1%
California	904,894	922,300	1.9%
District of Columbia	26,683	27,100	1.6%
Maryland	80,039	80,900	1.1%
Washington	103,765	104,800	1.0%
Illinois	238,519	237,200	-0.6%
Pennsylvania	208,830	207,800	-0.5%
Georgia	140,763	139,700	-0.8%
Arizona	71,506	70,800	-1.0%
Rhode Island	22,739	22,500	-1.1%
Alaska	12,769	12,600	-1.3%
Vermont	9,932	9,800	-1.3%
Missouri	92,432	91,100	-1.4%
New Jersey	121,570	119,700	-1.5%
Texas	280,103	275,300	-1.7%
Virginia	75,085	73,700	-1.8%
North Carolina	131,172	126,700	-3.4%
Oklahoma	47,502	45,800	-3.6%
Montana	12,153	11,700	-3.7%
Delaware	11,450	11,000	-3.9%
New Hampshire	11,593	11,100	-4.3%
Utah	17,900	17,100	-4.5%
Maine	23,163	22,000	-5.0%
Kansas	30,230	28,600	-5.4%
West Virginia	41,115	38,800	-5.6%
Colorado	41,565	39,200	-5.7%
South Carolina	52,546	49,400	-6.0%
Wyoming	5,745	5,400	-6.0%
Puerto Rico	59,114	55,500	-6.1%
Wisconsin	77,227	72,500	-6.1%
Nebraska	16,106	15,100	-6.2%
Arkansas	26,320	24,600	-6.5%
Oregon	43,240	40,400	-6.6%
Florida	251,622	234,900	-6.6%
Kentucky	81,384	75,500	-7.2%
Louisiana	87,836	81,100	-7.7%
Iowa	39,535	36,500	-7.7%
Indiana	74,815	68,700	-8.2%
Ohio	251,598	230,800	-8.3%
Alabama	50,956	46,700	-8.4%
Mississippi	57,291	52,400	-8.5%
South Dakota	7,018	6,400	-8.8%
Massachusetts	112,456	102,300	-9.0%
Michigan	226,279	205,200	-9.3%
Minnesota	63,276	56,800	-10.2%
North Dakota	5,914	5,300	-10.4%
Tennessee	111,340	96,200	-13.6%
Total (51 states)	4,966,196	4,856,500	-2.0%
Total (states + ter.)	5,048,233	4,915,400	-2.6%

CHANGE IN AFDC CASELOAD BY STATE

	F.Y. '91 average	total percent change '91 avg to peak	Peak Month	Peak Caseload	total percent change peak to Feb-95	annual rate of change peak to Feb-95	Feb-95	total percent change '91 avg to Feb-95
Alabama	47,466	8.6%	Oct-94	51,518	0.4%	-25.3%	46,700	-1.6%
Alaska	9,416	41.8%	Apr-94	13,356	-5.7%	-8.7%	12,600	33.8%
Arizona	52,645	38.2%	Dec-93	72,774	-2.7%	-2.3%	70,800	34.5%
Arkansas	25,998	4.1%	Mar-93	27,066	-9.1%	-4.8%	24,600	-5.4%
California	729,170	26.9%	Jan-95	925,000	-0.3%	-3.4%	922,300	26.5%
Colorado	38,771	12.8%	Dec-93	43,749	-10.4%	-9.0%	39,200	1.1%
Connecticut	51,213	–	–	–	–	–	61,200	19.5%
Delaware	9,373	26.0%	Apr-94	11,814	-6.9%	-8.2%	11,000	17.4%
District of Columbia	21,043	30.5%	Apr-94	27,451	-1.3%	-1.5%	27,100	28.8%
Florida	166,006	56.6%	Nov-92	259,895	-9.6%	-4.4%	234,900	41.5%
Georgia	118,400	20.6%	Nov-94	142,819	-2.2%	-0.4%	139,700	18.0%
Guam	1,183	92.6%	Sep-94	2,279	-7.9%	-17.7%	2,100	77.5%
Hawaii	14,948	43.8%	Dec-94	21,500	-0.5%	-2.7%	21,400	43.2%
Idaho	6,704	–	–	–	–	–	9,400	39.8%
Illinois	221,491	9.7%	Aug-94	243,050	-2.4%	-4.7%	237,200	7.1%
Indiana	61,127	24.4%	Sep-93	76,051	-9.7%	-8.9%	68,700	12.4%
Iowa	35,150	15.9%	Apr-94	40,749	-10.4%	-12.3%	36,500	3.8%
Kansas	26,812	14.9%	Aug-93	30,810	-7.2%	-4.8%	28,600	6.7%
Kentucky	78,308	7.2%	Mar-93	83,982	-10.1%	-5.4%	75,500	-3.6%
Louisana	92,743	1.5%	Apr-91	94,097	-13.8%	-3.8%	81,100	-12.6%
Maine	22,717	7.3%	Aug-93	24,374	-9.7%	-8.6%	22,000	-3.2%
Maryland	74,140	9.6%	Apr-94	81,249	-0.4%	-0.5%	80,900	9.1%
Massachusetts	104,914	10.3%	Aug-93	115,691	-11.6%	-7.9%	102,300	-2.5%
Michigan	227,639	2.4%	Apr-93	233,003	-11.9%	-6.7%	205,200	-9.9%
Minnesota	60,005	9.4%	Aug-93	65,637	-13.5%	-9.2%	58,800	-5.3%
Mississippi	60,106	2.8%	Nov-91	61,772	-15.2%	-4.9%	52,400	-12.8%
Missouri	76,922	21.9%	Mar-94	93,735	-2.8%	-3.0%	91,100	18.4%
Montana	10,109	21.5%	Mar-94	12,278	-4.7%	-5.1%	11,700	15.7%
Nebraska	15,479	10.9%	Mar-93	17,164	-12.0%	-6.4%	15,100	-2.4%
Nevada	9,674	–	–	–	–	–	15,900	64.4%
New Hampshire	8,701	35.9%	Apr-94	11,823	-6.1%	-7.3%	11,100	27.6%
New Jersey	118,430	12.0%	Nov-92	132,592	-9.7%	-4.4%	119,700	1.1%
New Mexico	24,093	44.9%	Nov-94	34,900	-0.9%	-3.4%	34,600	43.6%
New York	371,869	24.7%	Dec-94	463,700	-0.6%	-3.0%	460,700	23.9%
North Carolina	105,394	25.9%	Aug-93	132,726	-4.5%	-3.0%	126,700	20.2%
North Dakota	5,809	14.3%	Apr-93	6,637	-20.1%	-11.5%	5,300	-8.8%
Ohio	238,540	19.1%	Mar-92	269,760	14.4%	-5.3%	230,800	-3.2%
Oklahoma	42,797	19.9%	Mar-93	51,301	-10.7%	-5.7%	45,800	7.0%
Oregon	37,698	16.2%	Apr-93	43,804	-7.8%	-4.3%	40,400	7.2%
Pennsylvania	190,439	11.6%	Sep-94	212,457	-2.3%	-5.4%	207,600	9.0%
Puerto Rico	60,842	1.3%	Apr-92	61,628	-9.9%	-3.6%	55,500	-8.8%
Rhode Island	19,467	17.7%	Apr-94	22,910	-1.8%	-2.1%	22,500	15.6%
South Carolina	44,446	22.8%	Jan-93	54,599	-9.5%	-4.7%	49,400	11.1%
South Dakota	7,010	5.0%	Apr-93	7,364	-13.1%	-7.3%	6,400	-8.7%
Tennessee	86,899	29.1%	Jan-93	112,159	-14.2%	-7.1%	96,200	10.7%
Texas	239,887	19.8%	Dec-93	287,492	-4.2%	-3.6%	275,300	14.8%
Utah	16,584	12.6%	Mar-93	18,706	-8.6%	-4.6%	17,100	3.1%
Vermont	9,173	11.8%	Apr-92	10,260	-4.5%	-1.6%	9,800	6.8%
Virgin Islands	969	–	–	–	–	–	1,300	34.2%
Virginia	62,235	22.1%	Apr-94	76,967	-3.0%	-0.6%	73,700	18.4%
Washington	88,389	18.6%	May-94	104,828	-0.0%	-0.0%	104,800	18.6%
West Virginia	38,141	9.9%	Apr-93	41,929	-7.5%	-4.1%	38,800	1.7%
Wisconsin	80,326	3.2%	Jan-92	82,921	-12.6%	-4.3%	72,500	-9.7%
Wyoming	5,968	18.6%	Aug-92	7,081	-23.7%	-10.3%	5,400	-9.5%
Total (51 states)	4,310,869						4,915,600	14.0%
Total (states + ter.)	4,373,881						4,915,400	12.4%

AFDC CASELOAD BY STATE

Number of Cases

	F.Y. '91 average	Jan-95	91 avg-1/95
Guam	1,183	2,100	77.5%
Nevada	9,674	15,900	64.4%
New Mexico	24,093	34,800	44.4%
Hawaii	14,948	21,500	43.8%
Florida	166,008	237,000	42.8%
Arizona	52,645	71,100	35.1%
Virgin Islands	900	1,300	44.2%
Idaho	6,784	9,100	34.1%
Alaska	9,416	12,500	32.8%
California	729,170	925,000	26.9%
New Hampshire	8,701	11,000	26.4%
District of Columbia	21,043	26,600	26.4%
New York	371,889	461,100	24.0%
North Carolina	105,394	127,100	20.6%
Delaware	9,373	11,300	20.6%
Georgia	118,406	140,900	19.0%
Connecticut	51,213	60,900	18.9%
Virginia	62,235	73,900	18.7%
Missouri	76,922	91,200	18.6%
Washington	86,389	103,200	19.5%
Texas	239,887	279,300	16.4%
Montana	10,109	11,700	15.7%
Rhode Island	19,487	22,500	15.5%
Tennessee	86,899	98,000	12.8%
South Carolina	44,446	50,000	12.5%
Indiana	61,127	67,900	11.1%
Pennsylvania	190,439	208,700	9.6%
Maryland	74,140	80,900	9.1%
Illinois	221,491	239,600	8.2%
Kansas	26,812	28,800	7.4%
Oklahoma	42,797	45,900	7.3%
Oregon	37,698	40,300	6.9%
Vermont	9,173	9,800	6.8%
Iowa	35,150	37,200	5.8%
Utah	16,584	17,200	3.7%
West Virginia	38,141	39,100	2.5%
New Jersey	118,430	120,100	1.4%
Colorado	38,771	39,100	0.8%
Alabama	47,466	47,300	-0.3%
Massachusetts	104,914	103,700	-1.2%
Ohio	238,540	232,700	-2.4%
Nebraska	15,479	15,000	-3.1%
Maine	22,717	22,000	-3.2%
Kentucky	78,308	75,800	-3.2%
Arkansas	25,998	24,900	-4.2%
Minnesota	60,006	57,300	-4.5%
North Dakota	5,809	5,400	-7.0%
South Dakota	7,010	6,500	-7.3%
Wisconsin	80,326	74,000	-7.9%
Puerto Rico	60,842	55,900	-8.1%
Michigan	227,639	206,900	-9.2%
Wyoming	5,968	5,400	-9.5%
Mississippi	60,106	52,800	-12.2%
Louisiana	92,743	81,400	-12.2%
Total (51 states)	4,310,669	4,881,200	13.2%
Total (states + ter.)	4,373,881	4,940,500	13.0%

A WAGE Funding Option

WAGE block grant is equal to

a) 103 percent of FY 1995 Federal payments for:

AFDC Administration (other than reimbursement for system costs)
Emergency Assistance
AFDC Child Care
Transitional Child Care

or 103 percent of the average of FY 1993, 1994 and 1995 Federal funding for these programs; plus

b) Estimated level of funding required to meet the WAGE participation rates, including additional child care dollars (contingent on identifying suitable financing options); plus

c) bonus payments

Bonus Scheme (to begin in FY 1998)

Baseline placement rates (average monthly percentage of the caseload leaving AFDC for employment and average monthly percentage working 20 or more hours while receiving AFDC) are calculated for each State, based on FY 1996 data. The first rate would be equal to the average monthly number of cases closed due to employment divided by the average monthly caseload.

For each recipient who represents an increase in the percentage of the caseload leaving for employment or the percentage working in an ~~unsubsidized~~ job (for at least 20 hours) while receiving assistance, the State would receive a bonus.

The bonus for each recipient (above the baseline percentage) leaving assistance for employment would be equal to 6 times the Federal share of the State's average cash benefit. Half of the bonus would be payable at 3 months (if the individual were still employed at that point) and the other half at 6 months (again, individual still employed).

The bonus for each recipient (above the baseline percentage) working while on assistance would be equal to 3 times the average Federal benefit savings (cash only, not food stamps) from a recipient entering a 20-hour per week minimum wage position in the State. The savings would be calculated by taking a weighted average of the savings for families of different sizes.

Example: In an average month in FY 1996, 5 percent of AFDC recipients in Blue State left for employment and 7 percent were working in unsubsidized employment for at least 20 hours. In FY 1997, an average of 8 percent of transitional assistance recipients in the State leave for employment and 9 percent are working while on assistance.

The State receives the "exit" bonus (in FY 1998), contingent on retention, for a number of recipients equal to 3 percent of the caseload (8 percent minus 5 percent) and the "combining" bonus for a number equal to 2 percent of the caseload (9 percent minus 7 percent).

A random sample of cases leaving assistance for work will be used to determine retention. ~~States with an unemployment rate above 6.5 percent will be permitted to count placements in subsidized positions toward the combining bonus.~~

The total pool of bonus money would be capped at $1 billion annually (contingent on financing). Each State's bonus payments would be prorated to keep the total of payments within the $1 billion cap.

The Secretary would have the authority to take such steps as are necessary to ensure proper administration of the program (e.g., deny the bonus payments to a State which is cutting recipients off to lower the denominator).

Definition of Rate	Participation Rate 30%	40%	50%	60%	70%	80%
Adult Caseload	4,372	4,372	4,372	4,372	4,372	4,372
OPTION 1: COUNT LEAVERS IN NUMERATOR AND DENOMINATOR						
Total Required to Participate	1,546	2,062	2,577	3,093	3,608	4,124
Number Who Leave Welfare for Work for 12 Months (17.9%)	783	783	783	783	783	783
Combining Work and Welfare (5.5%)	240	240	240	240	240	240
Program Slots Required	523	1,039	1,554	2,070	2,585	3,101
Effective Participation Rate	10%	20%	30%	40%	50%	60%
OPTION 2: COUNT LEAVERS IN NUMERATOR ONLY						
Total Required to Participate	1,312	1,749	2,186	2,623	3,060	3,498
Number Who Leave Welfare for Work for 12 Months (17.9%)	783	783	783	783	783	783
Combining Work and Welfare (5.5%)	240	240	240	240	240	240
Program Slots Required	289	726	1,163	1,600	2,037	2,475
Effective Participation Rate	7%	17%	27%	37%	47%	57%
OPTION 3: DO NOT COUNT LEAVERS						
Total Required to Participate	1,312	1,749	2,186	2,623	3,060	3,498
Combining Work and Welfare	240	240	240	240	240	240
Program Slots Required	1,071	1,508	1,946	2,383	2,820	3,257
Effective Participation Rate	24%	35%	45%	55%	65%	75%

5/13/95

Bonus Options

(1) **Conrad Plan.** States receive a bonus based on the number of cases who leave welfare for work and who work at least 20 hours per week while on welfare (above the FY 1996 levels in each State). The total pool of bonus money would be capped at $200 million in FY97 and increase to $1 billion in FY01. If the cap was exceeded, each state's bonus payment would be prorated to keep the total payments within the cap. The legislative language would give the Secretary the authority to collect the data using random samples.

- The bonus for each recipient (above the baseline percentage) leaving welfare for employment would be equal to 6 times the federal share of the state's average cash benefit. Half the bonus would be paid if the individual were still employed after 3 months, and the other half if they were still employed after 6 months.

- The bonus for each recipient (above the baseline percentage) working while on assistance would be 3 times the average federal benefit savings from a recipient entering a 20-hour per week minimum wage position in the state.

(2) **Daschle Plan.** Details are not specified. In current draft, states would receive a bonus for each individual employed more than 25 hours per week once the state exceeds x% of recipients working today. In order to qualify for a bonus in subsequent years, a x% increase would be required above the prior year. Larger bonuses would be paid for individuals working full-time. The basic bonus would be the federal share of the benefit for the duration of employment (up to 9 months). Bonus money would be paid in 3 installments (after 3, 6, and 9 months). At the moment, the funding level of the bonus pool is not specified.

(3) **Measuring Combiners and Leavers Against the National Average.** Use the Conrad plan, except measure increases above the national average. By using the national average as the baseline, this would not penalize states who currently have high rates of leavers and combiners.

(4) **Rewarding States on Overall Performance on a Range of Outcome and Process Measures.** States are given a "score" for how well they perform on each of a range of outcome and process performance measures. States would be given a bonus payment based on their overall score. Measures that are considered more desirable would worth more points. As an illustration, states could receive points for the proportion of individuals on their caseload that achieved the following statuses: leaving welfare for work (4 points), leaving welfare but not for work (3 points), combining welfare and unsubsidized employment (3 points), participating in work experience (2 points), participating in education and training (1 point), etc. The details of this system need work -- the legislative language would have to be kept simple with authority to design the system left to the Secretary (in consultation with others). This would give states some flexibility in deciding how to meet the performance standards and would lessen tendency of rewarding states with good economies. (This option suggested by MDRC.)

(5) **Changing the FMAP for Benefit Payments.** The benefit FMAP would be increased for individuals who are working:

- The AFDC benefit matching rate for families who combined work and welfare would be set at FMAP+ 5-10 percentage points.

- For the number of individuals who leave welfare for work, the FMAP would be increased by 5-10 percentage points for that number of individuals on the caseload (using the average benefit level in the state).

- This option could be done for increases above a national average, a set percentage, or performance in a specified year.

(6) **Using broader measures of performance.** States would receive bonus payments for performance on measures that were not as welfare-specific. Potential measures include: child poverty rate (as defined by WAS), percentage reduction in the poverty gap, percentage of families working and below poverty line with children, inverse of the percentage of families with over 75 percent of income from welfare sources, and percentage of children who are living with both parents or who have paternity established and are receiving some economic support from the non-custodial parent.

rmary of Work and Gainful Employment (WAGE) Program 05/13/95 04:21 PM
Aminary Cost Estimate (Subject to Change)
Drafted 5/11/95: 12 Month Leavers

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
jected Caseload	5,212	5,348	5,479	5,604	5,728	5,855	5,984	6,114	6,245	6,379
jected Adult Caseload	4,379	4,491	4,602	4,707	4,812	4,918	5,027	5,136	5,246	5,358
mptions	55%	12%	12%	12%	12%	12%	12%	12%	12%	12%
nexempt Adult Caseload	1,970	3,952	4,050	4,142	4,234	4,328	4,423	4,519	4,616	4,715
ductions due to program effects	0%	0%	0.0%	0.0%	0.0%	0.3%	3.0%	5.1%	0.3%	3.0%
seload after program effect	1,970	3,952	4,050	4,142	4,234	4,328	4,423	4,505	4,479	4,475
ticipation Rate	25%	35%	40%	45%	50%	60%	70%	70%	70%	70%
untable Required in WAGE Program	600	1,383	1,620	1,864	2,117	2,597	3,096	3,154	3,135	3,133
mber Combining Work and Welfare (5-15%)	319	269	345	424	461	639	754	768	756	788
mber of 12 Month Leavers (18%)	788	808	828	847	866	885	905	924	944	965
mber Sanctioned (1-3%)	44	90	138	141	144	148	151	154	153	154
al Leavers, Combiners, Sanctioned	1051	1168	1312	1412	1492	1672	1810	1846	1864	1886
gram Slots Required	-451	216	308	452	625	925	1287	1307	1271	1247
rent Law Participants	500	650	650	650	650	650	650	650	650	650
al in Work Activities net combiners, leavers, sanctioned	300	325	325	325	325	462	643	654	636	623
st Per Participant in Work Activities (20hr.)	$2,714	$2,793	$2,866	$2,979	$3,074	$3,173	$3,276	$3,381	$3,490	$3,602
untable in Ed. & Training net combiners (50%)	210	227	227	227	227	324	450	458	445	436
tal Number in Ed & Training (70%) net combiners, leavers, sancti	300	325	325	325	325	462	643	654	636	623
st Per Participant in JOBS (20hr.)	$2,900	$2,996	$3,100	$3,200	$3,315	$3,427	$3,544	$3,664	$3,789	$3,900
ss Operating Cost: WAGE	–	$1,882,106	$1,945,222	$2,009,901	$2,078,471	$3,051,617	$4,387,585	$4,605,909	$4,527,211	$4,677,415
deral Operating Cost: WAGE	$1,000,000	$1,166,906	$1,206,100	$1,246,139	$1,287,412	$1,892,002	$2,720,303	$2,855,564	$2,864,871	$2,899,958
deral Child Care Cost	$0	$190,459	$296,941	$572,212	$822,488	$963,919	$1,598,845			
tal Federal Cost of Block Grant and Performance Award										
cludes Current Law Expenditures, Except for WAGE CC)									5 Year Totals	7 Year Totals
VAGE	$0	$1,166,906	$1,206,100	$1,246,139	$1,287,412	$1,892,002	$2,720,303		$4,906,555	$9,518,860
VAGE Child Care	$0	$190,459	$296,941	$572,212	$822,488	$963,919	$1,598,845		$1,882,100	$4,444,864
P, Admin, TCC & AFDC child care(103% of 95)	$0	$3,681,805	$3,771,559	$3,884,008	$4,001,353	$4,121,393	$4,245,035		$15,319,624	$23,666,052
otal Block Grant Cost	$0	$5,019,169	$5,274,699	$5,703,159	$6,111,252	$6,977,315	$8,564,183		$22,108,279	$37,649,776
erformance Award	$0	$200,000	$400,000	$600,000	$800,000	$1,000,000	$1,000,000		$2,000,000	$4,000,000
otal	$0	$5,219,169	$5,674,699	$6,303,159	$6,911,252	$7,977,315	$9,564,183		$24,108,279	$41,649,776
urrent Law Expenditures										
OBS	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000			
A, TCC, JOBS CC, AFDC Admin	$3,555,150	$3,763,500	$3,870,900	$4,029,500	$4,203,400	$4,361,300	$4,566,000			
otal	$4,555,150	$4,763,500	$4,870,900	$5,029,500	$5,203,400	$5,361,300	$5,566,000			
et Cost of Block Grant										
VAGE	$0	$166,906	$206,100	$246,139	$287,412	$892,002	$1,720,303		$905,555	$3,518,860
erformance Award	$0	$200,000	$400,000	$600,000	$800,000	$1,000,000	$1,000,000		$2,000,000	$4,000,000
hild Care	$0	$190,459	$296,941	$572,212	$822,488	$963,919	$1,598,845		$1,882,100	$4,444,864
A, TCC, JOBS CC, AFDC Admin	$0	($191,696)	($99,241)	($161,692)	($202,047)	($258,907)	($320,965)		($544,675)	($1,125,548)
otal	$0	$455,669	$803,799	$1,276,659	$1,707,852	$2,596,015	$3,998,183		$4,243,079	$10,838,176
eral AFDC Savings										
anctions	$0	($114,786)	($179,123)	($186,006)	($192,966)	($200,180)	($207,631)		($672,881)	($1,080,692)
aseload Reductions	$0	$0	$0	$0	$0	$0	$0		$0	$0
otal	$0	($114,786)	($179,123)	($186,006)	($192,966)	($200,180)	($207,631)		($672,881)	($1,080,692)
et Cost With Savings	$0	$340,883	$624,676	$1,090,653	$1,514,887	$2,395,835	$3,790,552		$3,571,098	$9,757,485

SSUMPTIONS
ojected Caseload from Nancy
ult Caseload assumes 18% of caseload is child only. Manny times .84
emptions from OC run (Jerry)
eductions due to program effects from Donna model. None until above current law

ıg of Work and Gainful Employment (WAGE) Program 06/13/95 03:52 PM
ıy Cost Estimate (Subject to Change)
ıed 5/11/95: 6 Month Leavers

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
ıd Caseload	5,212	5,346	5,470	5,604	5,728	5,855	5,984	6,114	6,245	6,379
ıd Adult Caseload	4,375	4,491	4,592	4,707	4,812	4,918	5,027	5,136	5,246	5,356
ferrs	05%	12%	12%	12%	12%	12%	12%	12%	12%	12%
ıage Adult Caseload	1,970	3,962	4,050	4,142	4,234	4,328	4,422	4,519	4,618	4,715
ons due to program effects	0%	0%	0.3%	3.0%	5.1%	7.8%	9.7%	9.8%	9.8%	9.7%
ıd after program effect	1,970	3,962	4,038	4,019	4,221	4,199	4,186	4,154	4,168	4,256
ation Rate	25%	35%	40%	45%	50%	60%	70%	70%	70%	70%
ble Required in WAGE Program	600	1,387	1,615	1,809	2,111	2,519	2,935	2,913	2,918	2,978
ı Combining Work and Welfare (5-15%)	219	285	364	433	480	523	726	717	720	735
ıof 6 Month Leavers (10%)	435	449	459	471	481	492	502	514	525	536
ı Sanctioned (1-3%)	44	90	108	138	144	144	144	143	144	147
ıvers, Combiners, Sanctioned	700	806	942	1021	1105	1259	1360	1374	1388	1417
n Slots Required	1100	571	673	788	1006	1261	1572	1541	1530	1561
Law Participants	800	650	650	650	650	650	650	650	650	650
Work Activities not combiners, leavers, sanctioned	300	328	336	394	503	631	786	770	765	780
ı Participant in Work Activities (20hr.)	$2,714	$2,796	$2,888	$2,979	$3,074	$3,173	$3,273	$3,381	$3,490	$3,602
ble in Ed. & Training not combiners (50%)	210	227	235	278	352	441	550	539	535	546
ember in Ed & Training (70%) not combiners, leavers, sanction	300	325	338	394	503	631	786	770	765	780
ı Participant in JOBS (20hr.)	$2,600	$2,686	$3,100	$3,208	$3,315	$3,427	$3,544	$3,664	$3,789	$3,900
Operating Cost: WAGE	-	$1,882,106	$2,013,887	$2,436,871	$3,212,340	$4,162,853	$3,399,507	$3,427,309	$3,598,605	$3,654,956
Operating Cost: WAGE	$1,000,000	$1,169,906	$1,246,466	$1,516,240	$1,991,651	$2,560,987	$3,322,694	$3,364,981	$3,451,298	$3,630,073
Child Care Cost	$0	$190,459	$292,395	$524,158	$854,698	$1,397,064	$1,976,807			
ıdered Cost of Block Grant and Performance Award										
n Current Law Expenditures Except for WAGE CC)									5 Year Totals	7 Year Totals
	$0	$1,166,905	$1,246,466	$1,516,240	$1,991,651	$2,560,987	$3,322,694		$5,617,282	$11,821,163
Child Care	$0	$190,459	$292,395	$524,158	$854,698	$1,397,064	$1,976,807		$1,871,808	$5,245,479
dmin, TCC & AFDC child care(163% of 95)	$0	$3,661,605	$3,775,858	$3,864,808	$4,031,353	$4,121,353	$4,245,035		$15,416,624	$23,665,052
Block Grant Cost	$0	$5,018,169	$5,312,440	$5,919,204	$6,897,702	$8,080,445	$10,544,736		$23,106,314	$40,752,695
mance Award	$0	$200,000	$400,000	$600,000	$800,000	$1,000,000	$1,000,000		$2,000,000	$4,000,000
	$0	$5,218,169	$5,712,440	$6,519,204	$7,697,702	$9,080,445	$10,544,736		$25,106,314	$44,752,695
Law Expenditures										
	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000	$1,000,000			
CC, JOBS CC, AFDC Admin	$3,555,150	$3,763,500	$3,870,000	$4,026,500	$4,203,400	$4,361,300	$4,568,000			
	$4,555,150	$4,763,500	$4,870,000	$5,026,500	$5,203,400	$5,361,300	$5,568,000			
of Block Grant										
	$0	$166,905	$246,466	$516,240	$991,651	$1,560,987	$2,322,694		$1,617,282	$5,821,163
mance Award	$0	$200,000	$400,000	$600,000	$800,000	$1,000,000	$1,000,000		$2,400,000	$4,000,000
Care	$0	$190,459	$292,395	$524,158	$854,698	$1,397,064	$1,976,807		$1,871,808	$5,245,479
CC, JOBS CC, AFDC Admin	$0	($101,695)	($99,241)	($147,893)	($202,047)	($259,907)	($320,965)		($544,676)	($1,125,648)
	$0	$455,658	$841,540	$1,492,704	$2,454,302	$3,718,145	$4,978,736		$3,244,214	$13,841,095
AFDC Savings										
ions	$0	($114,768)	($178,535)	($181,128)	($192,439)	($194,836)	($198,331)		($668,882)	($1,060,248)
ıd Reduction	$0	$0	($32,677)	($325,165)	($335,090)	($343,998)	($620,014)		($392,852)	($1,362,840)
	$0	($114,768)	($211,211)	($506,316)	($527,529)	($544,835)	($818,344)		($1,060,846)	($2,423,088)
s With Savings	$0	$340,890	$630,328	$986,388	$2,226,768	$3,173,208	$4,160,392		$4,184,358	$11,418,008

OPTIONS
ed Caseload Item Manny
Caseload assumes 16% of caseload is child only. Mannytimes .84
ffers from QC est (Jerry)
ions due to program effects from Donna model. None until above current law.
Combining over 20 hours is from a Stella CC run
scount only in numerator of participation rate
he number in Work and number in Ed & Training split 50-50
rvia Ed & training must be adjusted for comparable to Ida. 70% reflects current law.
r stat from WRA and Deal
gram includes outlays for EA, JOBS Child Care, Transitional Child Care, and AFDC admin.

AVERAGE DISPOSABLE INCOME FOR A MOTHER AND TWO CHILDREN FROM WAGES, AFDC, FOOD STAMPS, EITC, AND FEDERAL TAXES

(in 1994 dollars)

Number of Hours Worked Per Week At Minimum Wage Throughout the Year

Year	20 Hours	30 Hours	40 Hours
1972	$13,827	$14,976	$16,057
1980	11,772	13,199	14,145
1990	10,082	10,735	11,804
1995 (with EITC at fully phased-in 1996 levels)	10,925	12,505	14,462

Percentage Change in Average Disposable Income For a Mother and Two Children

1972-1995	-$2,902	-$2,471	-$1,595
	-21%	-16%	-13%

Source: Department of Health and Human Services

One reason the EITC has expanded in recent years is because policymakers have placed less emphasis on the minimum wage and public assistance benefits as ways to assist working poor families and have emphasized the EITC instead. The minimum wage has now eroded to its second lowest level in purchasing power in 40 years. In addition, AFDC benefits are no longer provided for most families in which a mother works at least half-time. In the early 1970s, some 49 states provided AFDC benefits as a wage supplement to a mother with two children whose earnings equaled 75 percent of the poverty line; now only three states do.

The EITC has been asked to play a much larger role instead in helping to provide adequate support for working poor families.

For many working poor families, however, the EITC expansions of the past decade have not been sufficient to offset fully the erosion in wages, the decreases in AFDC benefits, and the increases in payroll taxes of recent years. In fact, when the EITC expansion enacted in 1993 is phased in fully, the disposable income of a mother with two children who works either half-time or full time at the minimum wage will be *$1,500 to $3,000 lower*, after adjusting for inflation, than such a family's disposable income was in 1972 *before the EITC was created*. This is primarily because the EITC expansions do not fully compensate for the marked decline in the value of the minimum wage and the sharp reductions in AFDC benefits to working poor families since the early 1970s.

WR - Senate Democrats

U.S. SENATOR

MAX BAUCUS

DEMOCRAT - MONTANA

NEWS RELEASE

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FOR IMMEDIATE RELEASE
April 14, 1995

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Baucus: Federal Waiver For Montana Welfare Imminent

(WASHINGTON, D.C.) – U.S. Senator Max Baucus (D-Mont.) said today that he has received word that the State of Montana's request for a waiver from federal welfare regulations will be decided next week – possibly as early as Monday, April 17, 1995. Baucus said he "would be deeply disappointed" if the waiver were not formally approved.

"We will get the final word next week, but I see light at the end of this tunnel," Baucus said. "There is no logical reason why Montana's request for a waiver from these burdensome federal regulations would not be approved. I hope we are about to score a victory for good old-fashioned Montana common-sense.

"But it's been like pulling teeth to convince the federal government to give Montana this flexibility. Last December, I got the ball rolling by arranging a meeting between state and federal officials to discuss the Montana plan.

"This welfare reform proposal wears a 'Made in Montana' label. It is the product of a lot of hard work by Governor Racicot and many other concerned Montanans. It makes sense for Montana. That is why I've worked so hard to convince the federal bureaucrats to cut Montana a little slack. I am confidant our efforts are on the verge of paying off.

"And I agree with what the State of Montana wants to do. We will provide training to help those Montanans who have fallen upon hard times rebuild their lives and their careers. But after two years, it's time to go to work. Welfare can no longer become a way of life in Montana.

"This promotes the most basic Montana values – education, hard work, and self initiative. It says that we will help those who also help themselves. And I believe the rest of the country could learn a lot from Montana and this proposal."

Talking Pts.

The national welfare reform plan passed by the U.S. House of Representatives would create serious problems for the Montana proposal. The House bill would not provide the training funds necessary for implementation of the Montana plan.

"The next stop for federal welfare reform is the Senate Finance Committee, which I am a member of," Baucus said. "I'll try to make the Senate welfare reform bill protect Montana's ability to carry out our common-sense approach."

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I would like to highlight some of the other key components of this revised swap legislation:

State responsibilities: As in the earlier swap legislation (S. 140), the states will assume full costs for the AFDC, WIC, and food stamp programs. In addition, however, the states also will assume responsibility for providing health care for "AFDC-related" Medicaid recipients (non-elderly and non-disabled individuals). This population represents about 30 percent of current Medicaid expenditures.

Federal responsibilities: Instead of assuming the full costs of the Medicaid program, under the revised legislation the federal government will assume financial responsibility for the "SSI-related Medicaid" program (elderly and disabled individuals). This group represents the remaining 70 percent of Medicaid costs.

Five-year transition period: The revised legislation still contains a five-year transition period during which states will have freedom to design low-income assistance programs and time to build the infrastructure to support these programs. During this period, an independent commission will work with Congress to develop the specific provisions of the federal Medicaid program for elderly and disabled individuals. Also, the federal government will continue to provide funding to states during this period so that no state will suffer significant losses of funding.

State maintenance-of-effort: During the transition period, the states must spend the funds made available by the swap and any money previously used as a state match for AFDC, food stamps, WIC, and AFDC-related Medicaid, to provide cash and non-cash assistance to low-income individuals and families. Unlike S. 140, however, the states may direct up to 15 percent of these funds annually to savings or other uses.

Medicaid during the transition: Under the revised legislation, federal Medicaid benefit and coverage requirements for children will be frozen at 1995 levels during the transition. Beyond that, however, the states will be given significant freedom to redesign the AFDC-related Medicaid program without applying for federal waivers.

At the end of the transition period: Under the revised legislation, Congress must determine at the end of five years whether to continue this arrangement or, instead, to grant the states complete autonomy to design welfare and low-income medical care programs. If this complete swap goes into effect, states that experience a significant loss of federal funds and have the greatest need for public services will be eligible for a targeted grant program.

Mr. Chairman, I believe the basic goal of welfare reform must be to return substantial authority, autonomy, and responsibility to state and local governments. We must end the "one-size-fits-all" approach to income support programs which has frustrated those who have sought innovative solutions, and we must break the cycle of dependence that undermines families and is destroying support for a necessary but limited safety net.

I believe we must make systemic changes that will have a profound and long-lasting impact on the way services are delivered to needy Americans. We must cross the threshold from a Washington that simply shares power with the states to a Washington that actually surrenders power.

SENATE WORK BILL

WORK

All who can work must go to work within 1 year (2 at state option). 30 hours w/20 at state option. States decide how to provide work (vouchers, community service, private sector), and how to sanction those who don't.

Anyone who refuses job or refuses to work will be cut off. State option to reduce benefits over time -- by up to 33% after two years, 50% after three years, 75% after four years, 100% after 5 years.

Ambitious work participation requirements for states: all new and re-applicants in 96, 97, 98; 40% of able-bodied caseload in 1999, 50% in 2000, 60% in 01, 70% in 02, 80% in 2003.

Replace JOBS and child care with WORK capped entitlement that provides $[x] billion in additional work and child care funds over 1996-2000. States not meeting work performance requirement would lose % of WORK money equal to % they fell short.

Work Bonus/Sunny Day Fund that provides up to $[x] billion in additional work and child care money for states that meet work requirements OR bonus pool for states that establish Breaux-Brown job placement voucher program. (Scores lower than [x].)

STATE FLEXIBILITY

Explicit state options on family cap, LEAP, learnfare, etc. Broader state flexibility in determining who qualifies.

PERSONAL RESPONSIBILITY

Minor mothers live at home.
No separate housing for minor mothers.
House child support provisions.
States could set whatever reasonable conditions they want on personal behavior as conditions of receiving welfare (work, school, training, immunization, parenting, paternity, etc.).

FINANCING

Simpson immigration reform:	$6-8 billion
Food stamp reform:	$10 billion
SSI reform:	$5 billion
EITC reform:	$7-10 billion
TOTAL	$31-36 billion
COST OF PLAN	$12-14 billion
DEFICIT REDUCTION	$20 billion

Participation Rate Options

1) Brown/Dole Bill (S. 1795/103rd Congress)

[Cosponsors: Dole, Packwood, D'Amato, Simpson, Warner, Gramm, Stevens, Cochran, McCain, Gorton, Burns, McConnell, Murkowski, Nickles, Hutchison, and Pressler]

For those applying for aid on or before Oct. 1, 1995 and before Oct. 1, 1998:

FY96	20%
FY97	30%
FY98	40%

For all applying after October 1, 1998:

FY99	60%
FY2000	70%
FY2001	80%
FY2002	90%

2) **100% Option:** For those not exempt (exemption to be set by Governors), eligible for aid for 26 weeks while engaged in job search activities; to receive aid beyond 26 weeks, must be engaged in work activities (including, at state option, up to 50% in work preparation activities).

NOTE: House bill, Title 1:

W&M Reported		Floor GOP
4%	to	10% in FY96
4%	to	15% in FY97
8%	to	20% in FY98
12%	to	25% in FY99
17%	to	27% in FY2000
		29% in fy2001
		40% in fy2002
		50% in fy2003

Rejected Deal amendment, RCV #266 (205-228)

Work requirements compared to HR 4:

	DEAL	HR 4	Original W&M
FY97	16%	15%	4%
FY98	20%	20%	8%
FY99	24%	25%	12%
FY2000	28%	27%	17%
FY2001	32%	29%	29%
FY2002	40%	40%	40%
FY2003	52%	50%	50%

WORK FIRST PLAN

We want to "end welfare the way we know it".

We want to replace the welfare system with an employment based system. *["Welfare reform" is wrong, as Senator Moynihan says. Reform implies "return to an earlier good state". There is no earlier good state for welfare. The system doesn't work and hasn't worked. We need to replace the system, not reform it.]*

Simply slashing and capping welfare money and sending funds to the states in a block grant does not address the problem. States will fare no better under a system that replaces the rules of the left with the prescriptions of the right.

The problem with the welfare system is twofold:

- too many people do nothing in return for their welfare check. That is wrong. There should be no more "freebies".

- It's not that people don't get off the welfare rolls, it's that too many people return. *[More than half of all AFDC recipients who begin a spell of welfare receipt leave the welfare rolls within one year. By the end of 2 years, about 70% have left. By the end of 5 years, only about 10% have not left the welfare rolls. The problem is that about 70% of those who leave, eventually return, often quite quickly.]*

What we need is an entirely new approach to welfare. A block grant is not a new approach. It merely shifts the problem to the states. We need to refocus on work, not shift the responsibility for work to the states.

REPLACEMENT OF WELFARE SYSTEM, RE-EMPHASIS ON WORK:

The current AFDC and JOBS programs would be abolished. In lieu of the welfare system as we know it, we would create a new Temporary Employment Assistance Program at the Medicaid match rate.

- It's not an entitlement to benefits. It's an entitlement to employment services.

- If an individual refuses a job offer, benefits are terminated.

In order to receive Temporary Employment Assistance, recipients must do something in exchange for assistance -- to be determined by Governors working in conjunction with counties and cities.

- <u>States must develop a state plan</u>. The plan doesn't need to be approved by HHS, but states are required to follow the plan that they develop. Essentially, the plan sets the parameters for the program they design. Families in which a needy child resides, below a state set threshold, would be entitled to Temporary Employment Assistance. The plan is state-wide and must be geographically equitable.

- <u>Parents applying for or receiving Temporary Employment Assistance must sign a Parent Work Contract.</u> The contract is a work blueprint to be designed by the states. If parents

fail to sign the contract, no assistance is provided to the household.

Contrary to current law, the rules are to be determined by the states. No more micromanagement from Washington. There is no Washington answer to putting welfare recipients to work. The answer to putting welfare recipients to work lies in the states and communities in which recipients reside. Each community may have a different set of unique problems. In fact, each recipient may have different employment based needs.

Therefore, states would set the rules. States would determine:
hours per week that individuals would be required to work; suitable activities related to work or preparing for work; and time limits. The goal is private sector employment for all welfare recipients, but the roads to get there are built by the states.

States would determine resource limits; assets; and income disregards. All current law disincentives to work would be eliminated: the man in the house rule, 100 hour rule, 1/3rd earnings disregards, etc...

Federal Bonus for Employment: States would be provided with a bonus for each welfare recipient employed beyond a threshold level (preferably private sector jobs, at the option of states -- public or community service jobs). The longer the duration of employment for welfare recipients, the larger the bonus. The greater the number of welfare recipients that a state can put to work, the larger the bonus for states.

- For states that put 25% or more of their welfare recipients to work, the federal government would provide a bonus that can be used for economic development or child care.

- For states that put 50% or more of their welfare recipients to work, a larger bonus would be provided for economic development or child care.

The rationale for the bonus for economic development is to create jobs or spur employment, particularly in high unemployment areas or rural areas that offer few employment opportunities. The rationale for child care is that child care is the lynchpin between welfare and work and in order to ensure that the working poor do not return to welfare, it's important to increase funding for working poor child care. Bonus money does not need to be matched with state dollars as an extra incentive for states.

[There are several options under consideration for the bonus, which are still under design. But, the concept of the bonus remains. One option, for example, would provide a bonus based on improvement -- for states with unemployment levels exceeding 6.5%, then the bonus would be based on a % increase of welfare recipients who work, as opposed to meeting the thresholds. There are also several options under consideration for participation rates. But, regardless of the option chosen, states have total flexibility in how they meet the rates.]

Maximum Flexibility for States: No micromanagement from Washington. States determine hours per week to be worked. States determine time limits. Even sanctions would be determined by the states. Moreover, states would decide whether or not to: serve legal aliens, impose a

family cap, specify a time limit and the conditions under which the time limit will be triggered, treat interstate immigrants or UP families differently, require assignment of child support rights to the state as a condition of Temporary Employment Assistance, deny benefits to families not cooperating with paternity establishment, or deny benefits to children within families whose paternity has not been established.

How would the measurement be structured to see if states are exceeding the 25% or 50% bonus thresholds and X% participation rates? In lieu of the current JOBS program, states would receive an employment block grant. We would not micromanage states as current bills do, but rather ask states to set their own reasonable work standards for which the employment block grant funds shall be used. To the extent states exceed the thresholds by reasonable standards, the federal government will make bonus payments. To the extent states don't meet the annual x% participation rates through reasonable standards set by states, states would have to diver t 1.5% of their STP funds (Surface Transportation Program funds) to the employment block grant. *[The nexis is job creation. There are many highway related jobs that can be done by welfare recipients].* ?

States would also have the option to provide bonus money to caseworkers as well, to provide an additional incentive to turn welfare offices into employment offices.

Work first for everyone is the goal. The incentive for states is an employment bonus which can only be realized by an increase in employment. Not 20% to 50% of the caseload like the House bill and the GOP Governors proposal, but everyone (as designed by the Governors of each state as to what will work best in each state).

Funding: This proposal would maintain current JOBS funding at the Medicaid match rate or 60/40 whichever is higher, but give the funds to the states in a block grant to create employment opportunities for as many welfare recipients as possible. Added to the JOBS funding would be 10-15% of JTPA money currently used for welfare recipients. (15% of JTPA at $5.317 billion = $797 million).

If a state wants to offer vouchers for employment placement or services, or engage welfare recipients in microenterprise or self-employment, or workfare, work supplementation, on-the-job-training, private sector employment, public sector employment, or community service employment -- that's fine. Under Work First, States can design their employment block grants in whatever manner they wish as long as the goal is to put welfare recipients to work. Washington won't micromanage the options, states will determine their own options.

For states that want to lower benefits from today's level, they need only to provide a job to welfare recipients for 20 hours per week at the minimum wage. While there is no *"maintenance of effort requirement"*, the emphasis is on work, on getting welfare recipients jobs.

What we're saying is that we'll provide a minimal threshold for children. In return for that threshold, parents are expected to contribute something, anything, whatever they can -- to be determined by states working in conjunction with cities and counties, to determine what's best.

There are different circumstances in different parts of the country, and different circumstances within states. But, there ought to be no difference in the federal commitment to children.

Bonus money can be used for working poor child care as well as child care for AFDC recipients transitioning to work. So, once these single parents leave welfare and join the working poor, they can continue to be provided day care as long as the state wants. There would be no more cut-off after 12 months (the cliff effect).

Native Americans would receive a 3% set-aside of the block grants for employment and child care. If a state uses employment of Native Americans to reach it's 25% or 50% work threshold, a proportionate share of bonus money would be allocated directly to tribes or reservations to be used for economic development or child care.

TOUGH LOVE: To those who say this isn't tough enough -- are you saying that you don't trust the Governors to be tough?

Governors can be as tough as they want. All current waivers would be grandfathered. Governors can require work on day one for everyone. They can require 40 hours of work per week for everyone.

All we say is that there will be a minimum threshold for children. States have a choice in providing the current benefit levels in effect today or providing a job for the parent at 20 hours per week at the minimum wage or higher.

States can set any time limit they wish. But to get a bonus, states will have to show that welfare recipients are working or that caseload reduction is due to former recipients working. Simply reducing the caseload is insufficient. The caseload reduction must be linked to increased employment for welfare recipients.

There are two basic conditions on federal money for Temporary Employment Assistance: (1) benefits can be cut in conjunction with employment of 20 hours per week at the minimum wage and (2) anyone required to work must be provided child care assistance (shared with the feds at an 80/20 match).

This means no child will be left alone. No child regardless of where that child resides will be without a minimum threshold of assistance. We are providing a guarantee for children, but leaving all the rules with regard to the employment of parents to the states.

Child Care: Existing child care programs would be consolidated into a block grant. The AFDC day care money (JOBS child care money), transitional AFDC day care money (for those transitioning from welfare to work), and Title IV "At Risk" child care money (for parents at risk of going on welfare) would be consolidated with the Child Care Development Block Grant. Funds would be mandatory spending, but capped at _____. (yet to be decided).

Of the funds provided under the new child care block grant, the rules would follow the current law rules for the Child Care Development Block Grant. 10% of the money would be to improve the quality of day care. 10% of the money would be to increase the supply (availability) of day care. And, 80% of the funds would be for direct services for families (of which 50% would be for working poor, and 50% would be for Temporary Employment Assistance related day care). The match for all child care funds would be 80/20. Federal bonus funds added for child care purposes do not require a state match.

Teens:

Teen moms would be required to live at home or in an adult supervised setting in order to qualify for benefits.

States can require teens to stay in school (and apply bonuses or sanctions to those who attend regularly or don't attend regularly).

Fathers: Raising a child is a two parent responsibility. Too many children receive no financial support from their fathers. Only half of single women have child support orders. Of those who have orders, half receive the full amount owed; a quarter receive less than the amount owed: and, a quarter receive nothing despite the court order.

Fathers with arrearages would have a choice. They can enter into a repayment plan with the state or they can choose between a community service job (to pay off their arrearage) and jail.

States would have the option of allowing job placement services for fathers -- on the condition that, once employed, they must meet their child support obligations. Mothers, could agree to give their place in the Work First system to fathers -- in an effort to encourage families to stay together. (reduce day care costs, hoping that income from the father will move the family off welfare if they stay together)

DT: 4/29/95

Brief Comparison of Major Provisions in Welfare Plans

Item	House bill	GOP Govs	Deal Amdt	TAD
AFDC Entitle-ment	Abolishes AFDC. Turns AFDC into a state entitlement block grant, which is capped.	Abolishes AFDC. Turns AFDC into a state entitlement block grant, which is capped.	Retains current law individual entitlement.	Abolishes AFDC. Creates new Temporary Employment Assistance, an individual entitlement.
State match/ benefits	No state match required. Benefits can be cut.	No state match required. Benefits can be cut.	Retains state match requirement. Retains current law.	States can cut benefits if they provide parent w/job for 20 hours per week.
Time Limits	5 year lifetime limit, with state option for less time.	Silent on time limit issue.	4 year lifetime limit, with state option to impose time limit after 2 years.	5 year lifetime limit, with reduced grant after 2 years for parents refusing workfare.
State Plan	Plan submitted to Sec.	Plan submitted to Sec.	Current Law	Plan submitted to Sec and deemed approved if not rejected w/in 120 days.
Personal Contract	None	None	Individual Responsibility Plan. Penalties if not followed.	Parent Empowerment Contract. Must sign to receive aid; must follow or penalty.
JOBS program	Abolishes JOBS. JOBS would be consolidated with AFDC in	Abolishes JOBS. JOBS would be consolidated with AFDC in	Retains JOBS. Adds $9.2 billion over 5 years plus $1 billion per year	Abolishes JOBS. Creates new Work First Employment block grant. $

Item	House Bill	GOP Govs	Deal Amdt	TAD
JOBS program continued	a fixed amount of $ over 5 years.	a fixed amount of $ over 5 years. ($400 million more per year than House bill)	under current law.	to be determined, but would be an increase from current $1 billion per year.
Participation rates: (Current law is 20%)	FY96 10% FY97 15% FY98 20% FY99 25% FY00 27% FY01 29% FY02 40% FY03 50%	FY96 10% FY97 15% FY98 20% FY99 25% FY00 27% FY01 29% FY02 40% FY03 50%	FY97 16% FY98 20% FY99 24% FY00 28% FY01 32% FY02 40% FY03 52%	FY96 20% FY97 30% FY98 40% FY99 60% FY00 70% FY01 80% FY02 90% FY03 90%
Hours of work per week req'd. (current law is 20 hours per week)	FY96 20 97&98 20 FY99 25 FY00 30 FY01 30 FY02+ 35	FY96 20 '97&98 20 FY99 25 FY00 30 FY01 30 FY02+ 35	FY96 20 '97&98 30 FY99 30 FY00 30 FY01 30 FY02+ 30 (State option for 20 hours per week in '97 & '98, 25 hours in '99.)	FY96 20 '97&98 30 FY99 30 FY00 30 FY01 30 FY02+ 30 (State option for 20 hours per week in '97 & '98, 25 hours in '99.)
Rainy day fund	Loans to be repaid with interest. Loans triggered by UI rules (UI % in excess of 6.5%)	Grants triggered by UI rules (UI % in excess of 6.5%)	Since entitlement, no need for "rainy day fund".	Since entitlement, no need for "rainy day fund", but bonus system for employment. Bonus $ can be used for Work First Employment block grant or child care.
State Penalty	Failure to meet participation rates would result in 5% cut	Failure to meet participation rates would result in 5% cut	Sec. can make recommend-ations for improvement	Sec. can make recommend-ations for improvement

Item	House Bill	GOP Govs	Deal Amdt	TAD
State Penalty continued	in state annual grant.	in state annual grant.	(1st time) and impose a 5% cut in AFDC payments (2nd time).	(1st time) and require a diversion of 1.5% of a state's STP funds (hwys) for Work First Employment block grant purposes to put welfare recipients to work.
Individual Penalty	State determines level below current benefit.	State determines level below current benefit.	33% cut 1st time; 66% cut 2nd time; off AFDC 3rd time.	33% cut 1st time; 66% cut 2nd time; off TEA 3rd time.
Earnings **Resources** **Assets**	States decision. State decision. State decision.	State decision. State decision. State decision.	Liberalized. Liberalized. Liberalized.	State decision. State decision. Liberalized.
Minor Parents	No $	State decision.	Live at home or w/adults.	Live at home or w/adults.
X-fer $	Allows x-fer of 30% of block grant for other purposes.	Allows x-fer of 30% of block grant for other purposes.	No block grant,therefore, no x-fer.	No x-fer, but bonus $ can be used for Work First Employment block grant or child care.
Child Care	Authorized funding only; no guarantee of child care assistance for those transitioning to work.	Mandatory money; no guarantee of child care assistance for those transitioning to work.	Increases child care $, retains guarantee for those transitioning to work. Retains 1 year extension of child care for those transitioning.	Medicaid/Child Care partial swap. Child Care guaranteed for those required to work or prepare for work. 1 year transitional coverage retained and extended on

Item	House Bill	GOP Govs	Deal Amdt	TAD
child care continued				sliding fee scale. Child care provided by the state must meet the rules set under the Child Care Development Block Grant of 1990.
Medicaid	Current law, 1 year of transitional Medicaid for those working.	Current law, 1 year of transitional Medicaid for those working.	State option to extend Medicaid for an additional 12 months.	Medicaid/child care partial swap. Medicaid 1 year transitional coverage retained and extended on a sliding fee scale.

DT: 5/1/95

THE WORK FIRST PLAN

ESTABLISHMENT AND OPERATION OF STATE PROGRAM:

STATE PLAN: Each state must design a state-wide plan to be reviewed by HHS within 120 days. Unless rejected during that period, the plan is deemed approved. States must follow the plan to receive federal funding. The plan shall include the following:

- the plan must provide a description of the state's Temporary Employment Assistance (TEA) program designed to provide aid to needy families with children, and assist parents of children in such families to obtain and retain private sector work to the extent possible, and public sector or volunteer work if necessary, through the Work First Employment Block Grant.

- a family must have a needy child as defined by the state in order to be eligible for assistance. All needy children as defined by the state must be assisted similarly as adjusted for household size. States may adjust aid based on special needs of families. *[current law]*

- states must develop a need standard. Families with income in excess of 185% of the standard of need would be ineligible for assistance. The need standard must be applied uniformly to all families in similar circumstances as adjusted by household size. *[current law]*

- states may reduce benefits as long as they provide the TEA recipient with a 20 hour per week job at the minimum wage. To the extent that this action reduces a household's assistance (in states with benefits exceeding the equivalent of 20 hours of work per week at the minimum wage), the state shall take the amount of money exceeding the equivalent of 20 hours of work per week at the minimum wage and divert it to the employer of the recipient in order for the recipient to obtain a job paying more than the minimum wage.

- states must provide TEA parents with child care assistance if such parents are required to work or participate in the Work First Employment Block Grant program.

- families receiving OASDI are precluded from receiving TEA (as a head of household). *[current law]*

- in order to receive aid, the custodial parent must sign a Parent Empowerment Contract.

- in order to receive aid, the mother must cooperate with child support requirements in establishing paternity and assign her child support rights to the state for the period of time during which she receives Temporary Employment Assistance. *[current law]*

- states must include a description of how "interstate immigrants" will be treated if a state chooses to treat them differently than other families. *[House bill]*

- states must take such reasonable steps as are deemed necessary by the state to restrict the use and disclosure of information about individuals and families receiving benefits under the program. *[House bill]*

- states must describe efforts to reduce the incidence of out-of-wedlock births, which may include providing unmarried mothers and unmarried fathers with services that will help them to avoid subsequent pregnancies, provide adequate care to their children, and assume financial responsibility for their children. *[House bill]*

- states must describe efforts to reduce teenage pregnancy, including (at the option of the state) the provision of education, counseling, and health services to male and female teenagers. *[House bill]*

- states must operate a Work First Employment block grant to assist parents receiving TEA in obtaining and retaining a job.

- states must include a plan for the Work First Employment Block Grant, Child Support Enforcement, Child Welfare Services, Adoption Assistance, and Foster Care systems.

TIME LIMITS: If after 24 months, a family receiving TEA includes an adult recipient who is not working at least 20 hours per week (30 hours per week when the state so requires), the state must offer workfare to the individual. If the individual refuses to engage in a workfare job or works less than the number of hours required, the state can reduce the household's TEA grant by the adult's share. No family may receive TEA for more than 60 months.

> [Hardship exceptions: States may provide exceptions to the 5 year limit for families living in areas with unemployment exceeding 7.5% and for children living with relatives other than a child's parent. Teen parents are exempt from any time limit until they reach age 18 (or 19 at state option), so long as they are regularly attending high school or an alternative technical preparation school and are making satisfactory progress.]

THE PARENT EMPOWERMENT CONTRACT: The State agency shall make an initial assessment of the skills, prior work experience, and employability of each individual applicant and recipient. On the basis of the assessment made with respect to an individual, the state agency, in consultation with the individual, shall develop a Parent Empowerment Contract for the individual, which --

(1) shall provide that participation by the individual in job search activities shall be a condition of eligibility for TEA under the state plan, except during any period in which the individual is employed full-time in an unsubsidized job in the private sector;

(2) contains a comprehensive plan, developed by the case management team and the participant, to move the participant into a full-time unsubsidized job. This may be done through a GAIN-type program (operated by Riverside County, California, under federal law prior to the passage of this Act), through the use of private placement companies, subsidized job creation (similar to the program operated by the state of Oregon known as "JOBS Plus" prior to the enactment of this Act), through the creation or expansion of microenterprises, a work supplementation program, or other options that are work related designed to bring about employment of the participant that a state may choose to operate under its Work First Employment Block Grant.

(3) to the greatest extent possible, shall be designed to move the participant as quickly as possible into whatever type and amount of work as the participant is capable of handling, and increases the responsibility and amount of work over time until the participant is able to work

full-time;

(4) where necessary, provides for education or training of the participant; job counseling or other services through the block grant to provide individuals with the support and skills necessary to obtain and keep employment in the private sector.

(5) provides that the participant shall spend at least 30 hours per week (or, at state option, at least 20 hours per week during fiscal years 1997 and 1998, and at least 25 hours per week during fiscal year 1999) in activities provided for under the contract;

(6) provides that the participant shall accept any bona fide offer of unsubsidized full-time employment, unless the participant has good cause for not doing so;

(7) at the option of the state, requires the participant to undergo appropriate substance abuse treatment; and

(8) sets forth the obligations of the individual, which shall include a requirement that the individual attend school, maintain attendance while in school, keep school-age children of the individual in school, immunize children of the individual, participate in appropriate activities that develop and promote personal responsibility, self-sufficiency, and parenting skills, or engage in other activities that will help the individual become and remain employed in the private sector.

WORK FIRST EMPLOYMENT BLOCK GRANT: The objective of the Work First Employment block grant is for each program participant to find and hold a full-time, unsubsidized paid job, and for this goal to be achieved in a cost-effective fashion.

The strategy of the Work First Employment block grant is to connect TEA recipients with the private sector labor market as soon as possible; and to offer them the support and skills necessary to remain in the labor market. Each component of the block grant should be permeated with an emphasis on employment and the understanding that minimum wage jobs are a stepping stone to more highly paid employment.

Job Creation: The creation of jobs, with an emphasis on private sector jobs, shall be a component of the block grant and shall be a priority for each state office with responsibilities under the block grant.

Job Search: Parents would be eligible for TEA for 26 weeks while engaged in job search activities (rules and exemptions to be determined by the states). To receive TEA beyond 26 weeks, parents must have signed a Parent Empowerment Contract and be working toward meeting the objectives of that contract.

Use of Incentives: The state shall use incentives to change the culture of each state office with responsibilities under the state plan; improve the performance of employees; and ensure that the objective of each employee of each state office is to find a private sector job for each program participant. States may use block grant funds to provide bonus money to employees to reward exceptional placement and retention of TEA recipients in jobs.

Caseworker Training: The state may provide such training to caseworkers and related personnel (including the use of incentives) as may be necessary to ensure successful job placements that result in full-time private sector employment (community service or public sector employment if necessary) for program participants.

Reports: Each office with responsibility for operating the block grant shall make monthly statistical reports to the governing body of the state, county, and city in which located, of job placements and the number of program participants who are no longer receiving TEA or who are receiving less TEA as a result of participation in the block grant.

Case Management Teams: States are to assign to each program participant a case management team that shall meet with the participant to develop a Parent Empowerment Contract. The case management team shall develop the contract with the participant as soon as possible (but within 10 days of application for TEA). Current recipients would be phased in *(to be worked out with HHS next week)*.

Employment Bonus: States would receive a bonus for each individual employed more than 25 hours per week once the state exceeds ___% of TEA recipients working today. In order to qualify for bonus money in subsequent years, ___% increase would be required above the prior year. States would receive a larger bonus for each individual employed full-time. The basic bonus would be the federal share of the benefit x the duration of employment up to 9 months. Bonus money would be paid in 3 installments (after 3 months, after 6, and after 9) and is for private sector work only. Participants in areas of chronic unemployment (hardship exceptions) will also qualify for bonus money despite the use of community service jobs.

Bonus money is to be used to increase the Work First Employment Block Grant or child care funding. Bonus money is to be spent as an increase in these activities, not to supplant state funds. There is no match required to use the bonus money.

[Currently, on average, 6.4% of AFDC recipients work 20 or more hours per week. The highest proportion of recipients exceeding the average is in Wyoming where 28.1% of AFDC recipients are working 20 or more hours per week; the lowest is in DC, where only .8% are working 20 or more hours per week. The bonus concept is under review by HHS and should be worked out next week.].

GAIN Program: Under the block grant, a state may operate a program similar to the program known as the "Gain Program" that has been operated by Riverside County, California, under Federal law in effect immediately before the date this subpart first applies to California.

Use of Placement Companies: Under the block grant, a state may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of program participants in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of participants for Temporary Employment Assistance.

Each such contract entered into under this section with a company shall meet the following requirements:

(1) **Provision of job readiness and support services** -- The contract shall require the company to provide to any block grant participant presenting a voucher issued under subsection (3) intensive personalized support and job readiness services designed to prepare the individual for employment and ensure the continued success of the individual in employment.

(2) **Payments:** The contract shall provide for payment to be made to the company for each program participant presenting a voucher to the company. The contract shall provide for the majority of the amount to be paid after the company has placed the participant in a position of full-time employment and the participant has been employed in the position for such period of not less than 6 months as the State deems appropriate. Contracts under this section shall be awarded only after competitive bidding.

(3) **Vouchers:** The state shall issue a voucher to each program participant whose Parent Empowerment Contract provides for the use of placement companies under this section, indicating that the participant is eligible for the services of such a company.

Temporary Subsidized Job Creation: Under the block grant, a state may establish a program similar to the program known as "JOBS PLUS", operated by the state of Oregon under federal law in effect immediately before the date this subpart first applies to the state of Oregon.

Microenterprises: Under the block grant, a state may make grants and loans to nonprofit organizations to provide technical assistance, training, and credit to low income entrepreneurs for the purpose of establishing microenterprises. (A microenterprise means a commercial enterprise, with 5 or fewer employees, 1 or more of whom owns the enterprise.)

Work Supplementation Program: Under the block grant, a state may institute a work supplementation program under which the state, to the extent it considers appropriate, may reserve the sums that would otherwise be payable to participants as Temporary Employment Assistance and use the sums instead for the purpose of providing and subsidizing jobs for the participants (as an alternative to paying TEA to participants). This section shall not be construed as requiring the state or local agency administering the state plan to provide employee status to an eligible individual to whom the state or local agency provides a job under the work supplementation program (or with respect to whom the state or local agency provides all or part of the wages paid to the individual by another entity under the program), or as requiring any state or local agency to provide that an eligible individual filling a job position provided by another entity under the program be provided employee status by the entity during the first 13 weeks the individual fills the position. Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

Any state that chooses to operate a work supplementation program under this section shall provide that any individual who participates in the program, and any child or relative of the individual (or other individual living in the same household as the individual) who would be eligible for Temporary Employmem Assistance under the state plan, shall be considered individuals receiving TEA under the state plan for purposes of eligibility for Medicaid.

PARTICIPATION RULES: With the exception of teenagers (for whom the state may have different rules geared toward completion of high school), a state may require any individual receiving TEA to participate in the Work First Employment Block Grant program operated by

the state.

(1) 2 Year Limitation on Participation: Except as provided in paragraph (2), an individual may not participate in a state program established under this part for more than 24 months after the date the individual first signed the Parent Empowerment Contract, excluding any month during which the individual worked for an average of 25 hours per week in a private sector job.

(2) Authority to Allow Repeat Participation: A state may allow an individual who has participated in the program for two years to participate for a longer period of time, on a case-by-case basis, as long as repeat participants do not exceed 10% of the total number of individuals who participated in the state program established under this part during the immediately preceding fiscal year; or in the case of fiscal year 2004 or any succeeding fiscal year, 15% of such total number of individuals. A state may petition the Secretary of HHS to increase this amount to not more than 15%. Workfare participation is not time-limited with the exception of the overall time limit with regard to receipt of TEA.

CASELOAD PARTICIPATION RATES: A state that operates a program under this part shall achieve a participation rate for the following fiscal years of not less than the following percentage:

For applicants and recipients before October 1, 1998:

FY96	20%
FY97	30%
FY98	40%

For all applying after October 1, 1998:

FY99	60%
FY2000	70%
FY2001	80%
FY2002	90%
FY2003	90%

As used in this subsection, the term participation rate means, with respect to a state and a fiscal year, an amount equal to -- the average monthly number of individuals who, during the fiscal year, participate in the state program established under this part divided by the average monthly number of individuals for whom an Individual Empowerment Contract is in effect during the fiscal year.

For each 12 months after an individual ceases to receive TEA under a state plan by reason of having become employed for more than 25 hours per week in an unsubsidized job in the private sector, the individual shall be considered participating in the state program established under this part and complying with the Individual Empowerment Contract.

A recipient is participating in work activities for a month in a fiscal year if the recipient is making progress in such activities for at least the minimum average number of hours per week specified in the following table during the month:

Year	Hrs/Week	Hrs/Week State Option
1996	20	
1997	30	20
1998	30	20
1999	30	25
2000	30	
2001	30	
2002+	30	

WORKFARE: A state may establish a workfare program under the Work First Employment Block Grant. The state shall assign to each program participant a case management team that shall meet with the participant and assist the participant to choose the most suitable workfare job through community service, temporary subsidized job creation, or work supplementation and to eventually obtain a full-time unsubsidized paid job.

Except as provided in paragraphs (2), each participant shall work for not fewer than 30 hours per week (or, at the option of the state, 20 hours per week during fiscal years 1997 and 1998, not fewer than 25 hours per week during fiscal year 1999, not fewer than 30 hours per week during fiscal years 2000 and 2001, and not fewer than 35 hours per week thereafter) in a community service job in return for Temporary Employment Assistance.

(2) Exception -- If the participant has obtained unsubsidized part-time employment in the private sector, the state shall provide the participant with a part-time community service job. If the state provides a participant with a community service job, the state shall ensure that the participant works for not fewer than 30 hours per week.

Wages are not considered earned income. A community service job means a job provided to a participant by the state administering the state plan; or, a job provided to a participant by any other employer for which all or part of the wages are paid by the state.

A state that establishes a workfare program under this part may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of participants in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such participants for Temporary Employment Assistance.

Nondisplacement: Program options under this section may not be operated in a manner that results in:
(a) the displacement of a currently employed worker or position by a program participant;
(b) the replacement of an employee who has been terminated with a program participant; or
(c) the replacement of an individual who is on layoff from the same position given to a program participant or any equivalent position.

Grants to Community Based Organizations: The Secretary of HHS may make grants in accordance with this section to community based organizations that move recipients of TEA or other public assistance programs into private sector work. There are authorized to carry out this section, $25 million in FY96 and $50 million in each of fiscal years 1997, 1998, 1999, and 2000.

In addition, a state may use Work First Employment Block Grant funds to pay community based organizations for services.

Eligible organizations: Community based organizations that receive at least 5 percent of their funding from local government sources; and move recipients of TEA in the direction of unsubsidized private employment by integrating and co-locating at least 5 of the following services -- (a) case management; (b) job training; (c) child care; (d) housing; (e) health care services; (f) nutrition programs; (g) life skills training; and (h) parenting skills.

The Secretary shall make awards based on the quality of applications, shall fund applications at no more than $1 million, and the Secretary shall award at least 1 grant to each state from which the Secretary has received an application. States will have flexibility in determining block grant funds to be used for community based organization assistance.

Rural Areas: The Secretary of HHS and the states shall consider the needs of rural areas in designing and approving state plans.

Funding for Work First Employment Block Grant: Funding formula would be equal to current JOBS program funding and allocation, plus 10-15% of JTPA funds (that are currently used for AFDC recipients), plus an additional sum yet to be determined. Block grant funds would be matched at the Medicaid match rate or 60/40, whichever is higher. A set-aside of 3% would be available for Native Americans.

TEENS:

Stay at Home and Stay in School: Custodial parents under the age of 18 would be required to live at home, with an adult family member or in an adult-supervised group home in order to qualify for Temporary Employment Assistance. $____ million under Title XX funding would be made available each year for Second Chance Homes, adult-supervised homes for teenage mothers and their children, through which the mothers can learn to become self-sufficient, better parents, and responsible working adults.

Teen mothers would be required to continue education or alternative technical or trade programs through age 18 (age 19 at state option) in order to qualify for TEA benefits, and would be required to participate in substance abuse treatment programs through age 18 when deemed necessary. At state option, a state may impose a sanction against the TEA benefit of teen mothers who do not attend school regularly and apply a bonus to the TEA benefit of teen mothers who do attend regularly.

Teen Pregnancy Prevention: $___ million under Title XX funding each year would be made available to states for the design and implementation of teenage pregnancy prevention programs. Such programs could be operated by state agencies, local agencies, publicly supported organizations, private nonprofits, and consortia of such entities. Applicants must demonstrate a strong local commitment and local involvement in planning and implementation. Governors would select projects with preference given to those applications targeting both young men and young women, areas with high teen pregnancy rates, or areas with a high incidence of individuals receiving AFDC.

Clearinghouse: A National Teen Pregnancy Clearinghouse would be established to provide

local communities with reliable information about effective approaches to combating teen pregnancy.

FATHERS (Absent Parents):
Absent parents with arrearages would have a choice: enter into a repayment plan with the state or choose between a community service job (to pay off their arrearage) or jail. An absent parent can, at any point at which he/she has secured private sector employment, enter into a repayment plan with the state and terminate engagement in community service so long as the repayment schedule is being met.

States would have the option of allowing job placement services for fathers, on the condition that, once employed, they meet their child support obligations. Mothers could agree to give their place in the Work First Employment system to fathers in an effort to encourage families to stay together to work their way off welfare.

MEDICAID & CHILD CARE SWAP: To assist individuals in getting a job and keeping a job, Medicaid and child care assistance must be available. All TEA recipients are entitled to Medicaid. All TEA recipients required to work or prepare for work are entitled to child care assistance.

Under current law, Medicaid and child care are provided for a 12 month period for those transitioning from welfare to work. Under the Work First Plan, Medicaid and child care would be provided for an additional 12 months beyond the current transition period. For the second 12 month period, a sliding fee scale would be phased-in, based on a household's ability to pay.

The federal government would pick up a portion of the state share of Medicaid costs for TEA recipients, up to the level it costs a state to provide child care for families below a certain level of poverty (ie: 130%, 115%, ...yet to be determined). The child care assistance offered by a state must meet the rules of the Child Care Development Block Grant of 1990.

PENALTIES FOR INDIVIDUALS:

(1) An adult applicant for TEA who does not sign a Parent Empowerment Contract disqualifies the household from receiving TEA.

(2) Failure to Comply with Parent Empowerment Contract: --

> (A) Progressive Reductions in Aid for 1st and 2nd Failures -- The amount of TEA otherwise payable under the State plan to a family that includes an individual who fails without good cause to comply with a Parent Empowerment Contract signed by the individual, including requirements to look for work and work, shall be reduced by --
>
> (i) 33 percent for the 1st such act of noncompliance; or
> (ii) 66 percent for the 2nd such act of noncompliance.
>
> (B) Denial of Aid for 3rd Failure -- In the case of the 3rd such act of noncompliance, is barred from TEA.

(C) Acts of Noncompliance. -- For purposes of this paragraph, a 1st act of noncompliance by an individual that continues for more than 1 calendar month shall be considered a 2nd act of noncompliance, and a 2nd act of noncompliance that continues for more than 3 calendar months shall be considered a 3rd act of noncompliance. Benefit reductions can be "cured" for future months by complying with the contract. Nothing can cure termination from the program after two acts of noncompliance without good cause.

(B) Refusal to Accept a Bona Fide Offer of Employment. -- If an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment (without good cause), the household shall be ineligible for aid under TEA.

(3) In no event shall a family whose benefits have been reduced be entitled to additional food stamp assistance to ameliorate the difference.

PENALTIES FOR STATES:

Effect of Failure to Meet Participation Rates: If the state fails to achieve the required participation rate, the Secretary may make recommendations for changes in the state program. If a state fails to meet the participation rate required for 2 consecutive years, the Secretary may require the state to make changes in the state program established under this part and require the state to divert 1.5% of the state's Surface Transportation Program funds (STP funds under ISTEA) to the Work First Employment Block Grant. In this manner, (as opposed to other bills that require the "AFDC block grant" to be reduced by 5%), the state is required to divert money from one federal form of creating jobs to another federal form of creating jobs -- theWork First Employment Block Grant.

If a state fails to follow the state plan, no federal funds under TEA or the WFEBG will be made available.

WORK FIRST PLAN MESSAGE

End welfare the way we know it.

- Abolish AFDC & JOBS.
- No Unconditional Receipt of Assistance.

Replace the welfare system with an employment based system.

- It's not an entitlement to benefits. It's an entitlement to employment services.
- If an individual refuses a job offer, benefits are terminated.
- Parents applying for or receiving Temporary Employment Assistance must sign a Parent Empowerment Contract. Rep. Rep.

Work ought to be central to any welfare reform plan. Work first for everyone is the goal. Any welfare reform plan ought to be subject to the following questions:

- Does the plan help welfare recipients prepare for a job?
- Does the plan help welfare recipients get a job?
- Does the plan help welfare retain a job?

Provide States a Bonus for Employment.

- For each welfare recipient employed beyond a threshold level (preferably private sector jobs, but under limited conditions, public or community service jobs), a federal bonus would be provided. The longer the duration of employment for welfare recipients, the larger the bonus. The greater the number of welfare recipients that a state can put to work, the larger the bonus for states.

Employment Block Grant.

- The current JOBS funding would be repealed. A new Work First Employment block grant, with increased funding, would replace it.
- Tough work requirements, but with the means to meet these requirements and enable parents to become self-sufficient.

Medicaid/Child Care Partial Swap:

- Unlike Republican proposals, the Work First plan is not tough on kids. Child care assistance is guaranteed. For those transitioning to work, assistance would be available on a sliding fee scale based on a household's ability to pay.

- The federal government would take a portion of a state's share of Medicaid. In return, states would be required to significantly increase the availability and affordability of child care.

DT: 5/1/95

THE WORK FIRST PLAN

ESTABLISHMENT AND OPERATION OF STATE PROGRAM:

STATE PLAN: Each state must design a state-wide plan to be reviewed by HHS within 120 days. Unless rejected during that period, the plan is deemed approved. States must follow the plan to receive federal funding. The plan shall include the following:

- the plan must provide a description of the state's Temporary Employment Assistance (TEA) program designed to provide aid to needy families with children, and assist parents of children in such families to obtain and retain private sector work to the extent possible, and public sector or volunteer work if necessary, through the Work First Employment Block Grant.

- a family must have a needy child as defined by the state in order to be eligible for assistance. All needy children as defined by the state must be assisted similarly as adjusted for household size. States may adjust aid based on special needs of families. *[current law]*

- states must develop a need standard. Families with income in excess of 185% of the standard of need would be ineligible for assistance. The need standard must be applied uniformly to all families in similar circumstances as adjusted by household size. *[current law]*

- states may reduce benefits as long as they provide the TEA recipient with a 20 hour per week job at the minimum wage. To the extent that this action reduces a household's assistance (in states with benefits exceeding the equivalent of 20 hours of work per week at the minimum wage), the state shall take the amount of money exceeding the equivalent of 20 hours of work per week at the minimum wage and divert it to the employer of the recipient in order for the recipient to obtain a job paying more than the minimum wage. ?

- states must provide TEA parents with child care assistance if such parents are required to work or participate in the Work First Employment Block Grant program.

- families receiving OASDI are precluded from receiving TEA (as a head of household). *[current law]*

- in order to receive aid, the custodial parent must sign a Parent Empowerment Contract.

- in order to receive aid, the mother must cooperate with child support requirements in establishing paternity and assign her child support rights to the state for the period of time during which she receives Temporary Employment Assistance. *[current law]*

- states must include a description of how "interstate immigrants" will be treated if a state chooses to treat them differently than other families. *[House bill]* ?

- states must take such reasonable steps as are deemed necessary by the state to restrict the use and disclosure of information about individuals and families receiving benefits under the program. *[House bill]*

- states must describe efforts to reduce the incidence of out-of-wedlock births, which may include providing unmarried mothers and unmarried fathers with services that will help them to avoid subsequent pregnancies, provide adequate care to their children, and assume financial responsibility for their children. *[House bill]*

- states must describe efforts to reduce teenage pregnancy, including (at the option of the state) the provision of education, counseling, and health services to male and female teenagers. *[House bill]*

- states must operate a Work First Employment block grant to assist parents receiving TEA in obtaining and retaining a job.

- states must include a plan for the Work First Employment Block Grant, Child Support Enforcement, Child Welfare Services, Adoption Assistance, and Foster Care systems.

TIME LIMITS: If after 24 months, a family receiving TEA includes an adult recipient who is not working at least 20 hours per week (30 hours per week when the state so requires), the state must offer workfare to the individual. If the individual refuses to engage in a workfare job or works less than the number of hours required, the state can reduce the household's TEA grant by the adult's share. No family may receive TEA for more than 60 months. OVER

[Hardship exceptions: States may provide exceptions to the 5 year limit for families living in areas with unemployment exceeding 7.5% and for children living with relatives other than a child's parent. Teen parents are exempt from any time limit until they reach age 18 (or 19 at state option), so long as they are regularly attending high school or an alternative technical preparation school and are making satisfactory progress.]

THE PARENT EMPOWERMENT CONTRACT: The State agency shall make an initial assessment of the skills, prior work experience, and employability of each individual applicant and recipient. On the basis of the assessment made with respect to an individual, the state agency, in consultation with the individual, shall develop a Parent Empowerment Contract for the individual, which --

(1) shall provide that participation by the individual in job search activities shall be a condition of eligibility for TEA under the state plan, except during any period in which the individual is employed full-time in an unsubsidized job in the private sector;

(2) contains a comprehensive plan, developed by the case management team and the participant, to move the participant into a full-time unsubsidized job. This may be done through a GAIN-type program (operated by Riverside County, California, under federal law prior to the passage of this Act), through the use of private placement companies, subsidized job creation (similar to the program operated by the state of Oregon known as "JOBS Plus" prior to the enactment of this Act), through the creation or expansion of microenterprises, a work supplementation program, or other options that are work related designed to bring about employment of the participant that a state may choose to operate under its Work First Employment Block Grant.

(3) to the greatest extent possible, shall be designed to move the participant as quickly as possible into whatever type and amount of work as the participant is capable of handling, and increases the responsibility and amount of work over time until the participant is able to work

full-time;

(4) where necessary, provides for education or training of the participant; job counseling or other services through the block grant to provide individuals with the support and skills necessary to obtain and keep employment in the private sector.

(5) provides that the participant shall spend at least 30 hours per week (or, at state option, at least 20 hours per week during fiscal years 1997 and 1998, and at least 25 hours per week during fiscal year 1999) in activities provided for under the contract;

(6) provides that the participant shall accept any bona fide offer of unsubsidized full-time employment, unless the participant has good cause for not doing so;

(7) at the option of the state, requires the participant to undergo appropriate substance abuse treatment; and

(8) sets forth the obligations of the individual, which shall include a requirement that the individual attend school, maintain attendance while in school, keep school-age children of the individual in school, immunize children of the individual, participate in appropriate activities that develop and promote personal responsibility, self-sufficiency, and parenting skills, or engage in other activities that will help the individual become and remain employed in the private sector.

WORK FIRST EMPLOYMENT BLOCK GRANT: The objective of the Work First Employment block grant is for each program participant to find and hold a full-time, unsubsidized paid job, and for this goal to be achieved in a cost-effective fashion.

The strategy of the Work First Employment block grant is to connect TEA recipients with the private sector labor market as soon as possible, and to offer them the support and skills necessary to remain in the labor market. Each component of the block grant should be permeated with an emphasis on employment and the understanding that minimum wage jobs are a stepping stone to more highly paid employment.

Job Creation: The creation of jobs, with an emphasis on private sector jobs, shall be a component of the block grant and shall be a priority for each state office with responsibilities under the block grant.

Job Search: Parents would be eligible for TEA for 26 weeks while engaged in job search activities (rules and exemptions to be determined by the states). To receive TEA beyond 26 weeks, parents must have signed a Parent Empowerment Contract and be working toward meeting the objectives of that contract.

Use of Incentives: The state shall use incentives to change the culture of each state office with responsibilities under the state plan; improve the performance of employees; and ensure that the objective of each employee of each state office is to find a private sector job for each program participant. States may use block grant funds to provide bonus money to employees to reward exceptional placement and retention of TEA recipients in jobs.

Caseworker Training: The state may provide such training to caseworkers and related personnel (including the use of incentives) as may be necessary to ensure successful job placements that result in full-time private sector employment (community service or public sector employment if necessary) for program participants.

Reports: Each office with responsibility for operating the block grant shall make monthly statistical reports to the governing body of the state, county, and city in which located, of job placements and the number of program participants who are no longer receiving TEA or who are receiving less TEA as a result of participation in the block grant.

Case Management Teams: States are to assign to each program participant a case management team that shall meet with the participant to develop a Parent Empowerment Contract. The case management team shall develop the contract with the participant as soon as possible (but within 10 days of application for TEA). Current recipients would be phased in *(to be worked out with HHS next week)*.

Employment Bonus: States would receive a bonus for each individual employed more than 25 hours per week once the state exceeds ___% of TEA recipients working today. In order to qualify for bonus money in subsequent years, ___% increase would be required above the prior year. States would receive a larger bonus for each individual employed full-time. The basic bonus would be the federal share of the benefit x the duration of employment up to 9 months. Bonus money would be paid in 3 installments (after 3 months, after 6, and after 9) and is for private sector work only. Participants in areas of chronic unemployment (hardship exceptions) will also qualify for bonus money despite the use of community service jobs.

Bonus money is to be used to increase the Work First Employment Block Grant or child care funding. Bonus money is to be spent as an increase in these activities, not to supplant state funds. There is no match required to use the bonus money.

[Currently, on average, 6.4% of AFDC recipients work 20 or more hours per week. The highest proportion of recipients exceeding the average is in Wyoming where 28.1% of AFDC recipients are working 20 or more hours per week; the lowest is in DC, where only .8% are working 20 or more hours per week. The bonus concept is under review by HHS and should be worked out next week.]

GAIN Program: Under the block grant, a state may operate a program similar to the program known as the "Gain Program" that has been operated by Riverside County, California, under Federal law in effect immediately before the date this subpart first applies to California.

Use of Placement Companies: Under the block grant, a state may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of program participants in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of participants for Temporary Employment Assistance.

Each such contract entered into under this section with a company shall meet the following requirements:

(1) **Provision of job readiness and support services** -- The contract shall require the company to provide to any block grant participant presenting a voucher issued under subsection (3) intensive personalized support and job readiness services designed to prepare the individual for employment and ensure the continued success of the individual in employment.

(2) **Payments:** The contract shall provide for payment to be made to the company for each program participant presenting a voucher to the company. The contract shall provide for the majority of the amount to be paid after the company has placed the participant in a position of full-time employment and the participant has been employed in the position for such period of not less than 6 months as the State deems appropriate. Contracts under this section shall be awarded only after competitive bidding.

(3) **Vouchers:** The state shall issue a voucher to each program participant whose Parent Empowerment Contract provides for the use of placement companies under this section, indicating that the participant is eligible for the services of such a company.

Temporary Subsidized Job Creation: Under the block grant, a state may establish a program similar to the program known as "JOBS PLUS", operated by the state of Oregon under federal law in effect immediately before the date this subpart first applies to the state of Oregon.

Microenterprises: Under the block grant, a state may make grants and loans to nonprofit organizations to provide technical assistance, training, and credit to low income entrepreneurs for the purpose of establishing microenterprises. (A microenterprise means a commercial enterprise, with 5 or fewer employees, 1 or more of whom owns the enterprise.)

Work Supplementation Program: Under the block grant, a state may institute a work supplementation program under which the state, to the extent it considers appropriate, may reserve the sums that would otherwise be payable to participants as Temporary Employment Assistance and use the sums instead for the purpose of providing and subsidizing jobs for the participants (as an alternative to paying TEA to participants). This section shall not be construed as requiring the state or local agency administering the state plan to provide employee status to an eligible individual to whom the state or local agency provides a job under the work supplementation program (or with respect to whom the state or local agency provides all or part of the wages paid to the individual by another entity under the program), or as requiring any state or local agency to provide that an eligible individual filling a job position provided by another entity under the program be provided employee status by the entity during the first 13 weeks the individual fills the position. Wages paid under a work supplementation program shall be considered to be earned income for purposes of any provision of law.

Any state that chooses to operate a work supplementation program under this section shall provide that any individual who participates in the program, and any child or relative of the individual (or other individual living in the same household as the individual) who would be eligible for Temporary Employment Assistance under the state plan, shall be considered individuals receiving TEA under the state plan for purposes of eligibility for Medicaid.

PARTICIPATION RULES: With the exception of teenagers (for whom the state may have different rules geared toward completion of high school), a state may require any individual receiving TEA to participate in the Work First Employment Block Grant program operated by

the state.

(1) 2 Year Limitation on Participation: Except as provided in paragraph (2), an individual may not participate in a state program established under this part for more than 24 months after the date the individual first signed the Parent Empowerment Contract, excluding any month during which the individual worked for an average of 25 hours per week in a private sector job.

(2) Authority to Allow Repeat Participation: A state may allow an individual who has participated in the program for two years to participate for a longer period of time, on a case-by-case basis, as long as repeat participants do not exceed 10% of the total number of individuals who participated in the state program established under this part during the immediately preceding fiscal year; or in the case of fiscal year 2004 or any succeeding fiscal year, 15% of such total number of individuals. A state may petition the Secretary of HHS to increase this amount to not more than 15%. Workfare participation is not time-limited with the exception of the overall time limit with regard to receipt of TBA.

CASELOAD PARTICIPATION RATES: A state that operates a program under this part shall achieve a participation rate for the following fiscal years of not less than the following percentage:

For applicants and recipients before October 1, 1998:

FY96	20%
FY97	30%
FY98	40%

For all applying after October 1, 1998:

FY99	60%
FY2000	70%
FY2001	80%
FY2002	90%
FY2003	90%

As used in this subsection, the term participation rate means, with respect to a state and a fiscal year, an amount equal to -- the average monthly number of individuals who, during the fiscal year, participate in the state program established under this part divided by the average monthly number of individuals for whom an Individual Empowerment Contract is in effect during the fiscal year.

For each 12 months after an individual ceases to receive TEA under a state plan by reason of having become employed for more than 25 hours per week in an unsubsidized job in the private sector, the individual shall be considered participating in the state program established under this part and complying with the Individual Empowerment Contract.

A recipient is participating in work activities for a month in a fiscal year if the recipient is making progress in such activities for at least the minimum average number of hours per week specified in the following table during the month:

Year	Hrs/Week	Hrs/Week State Option
1996	20	
1997	30	20
1998	30	20
1999	30	25
2000	30	
2001	30	
2002+	30	

WORKFARE: A state may establish a workfare program under the Work First Employment Block Grant. The state shall assign to each program participant a case management team that shall meet with the participant and assist the participant to choose the most suitable workfare job through community service, temporary subsidized job creation, or work supplementation and to eventually obtain a full-time unsubsidized paid job.

Except as provided in paragraphs (2), each participant shall work for not fewer than 30 hours per week (or, at the option of the state, 20 hours per week during fiscal years 1997 and 1998, not fewer than 25 hours per week during fiscal year 1999, not fewer than 30 hours per week during fiscal years 2000 and 2001, and not fewer than 35 hours per week thereafter) in a community service job in return for Temporary Employment Assistance.

(2) Exception – If the participant has obtained unsubsidized part-time employment in the private sector, the state shall provide the participant with a part-time community service job. If the state provides a participant with a community service job, the state shall ensure that the participant works for not fewer than 30 hours per week.

Wages are not considered earned income. A community service job means a job provided to a participant by the state administering the state plan; or, a job provided to a participant by any other employer for which all or part of the wages are paid by the state.

A state that establishes a workfare program under this part may enter into contracts with private companies (whether operated for profit or not for profit) for the placement of participants in the program in positions of full-time employment, preferably in the private sector, for wages sufficient to eliminate the need of such participants for Temporary Employment Assistance.

Nondisplacement: Program options under this section may not be operated in a manner that results in:
(a) the displacement of a currently employed worker or position by a program participant;
(b) the replacement of an employee who has been terminated with a program participant; or
(c) the replacement of an individual who is on layoff from the same position given to a program participant or any equivalent position.

Grants to Community Based Organizations: The Secretary of HHS may make grants in accordance with this section to community based organizations that move recipients of TEA or other public assistance programs into private sector work. There are authorized to carry out this section, $25 million in FY96 and $50 million in each of fiscal years 1997, 1998, 1999, and 2000.

In addition, a state may use Work First Employment Block Grant funds to pay community based organizations for services.

Eligible organizations: Community based organizations that receive at least 5 percent of their funding from local government sources; and move recipients of TEA in the direction of unsubsidized private employment by integrating and co-locating at least 5 of the following services -- (a) case management; (b) job training, (c) child care; (d) housing; (e) health care services; (f) nutrition programs; (g) life skills training; and (h) parenting skills.

The Secretary shall make awards based on the quality of applications, shall fund applications at no more than $1 million, and the Secretary shall award at least 1 grant to each state from which the Secretary has received an application. States will have flexibility in determining block grant funds to be used for community based organization assistance.

Rural Areas: The Secretary of HHS and the states shall consider the needs of rural areas in designing and approving state plans.

Funding for Work First Employment Block Grant: Funding formula would be equal to current JOBS program funding and allocation, plus 10-15% of JTPA funds (that are currently used for AFDC recipients), plus an additional sum yet to be determined. Block grant funds would be matched at the Medicaid match rate or 60/40, whichever is higher. A set-aside of 3% would be available for Native Americans.

TEENS:

Stay at Home and Stay in School: Custodial parents under the age of 18 would be required to live at home, with an adult family member or in an adult-supervised group home in order to qualify for Temporary Employment Assistance. $____ million under Title XX funding would be made available each year for Second Chance Homes, adult-supervised homes for teenage mothers and their children, through which the mothers can learn to become self-sufficient, better parents, and responsible working adults.

Teen mothers would be required to continue education or alternative technical or trade programs through age 18 (age 19 at state option) in order to qualify for TEA benefits, and would be required to participate in substance abuse treatment programs through age 18 when deemed necessary. At state option, a state may impose a sanction against the TEA benefit of teen mothers who do not attend school regularly and apply a bonus to the TEA benefit of teen mothers who do attend regularly.

Teen Pregnancy Prevention: $___ million under Title XX funding each year would be made available to states for the design and implementation of teenage pregnancy prevention programs. Such programs could be operated by state agencies, local agencies, publicly supported organizations, private nonprofits, and consortia of such entities. Applicants must demonstrate a strong local commitment and local involvement in planning and implementation. Governors would select projects with preference given to those applications targeting both young men and young women, areas with high teen pregnancy rates, or areas with a high incidence of individuals receiving AFDC.

Clearinghouse: A National Teen Pregnancy Clearinghouse would be established to provide

local communities with reliable information about effective approaches to combating teen pregnancy.

FATHERS (Absent Parents):
Absent parents with arrearages would have a choice: enter into a repayment plan with the state or choose between a community service job (to pay off their arrearage) or jail. An absent parent can, at any point at which he/she has secured private sector employment, enter into a repayment plan with the state and terminate engagement in community service so long as the repayment schedule is being met.

States would have the option of allowing job placement services for fathers, on the condition that, once employed, they meet their child support obligations. Mothers could agree to give their place in the Work First Employment system to fathers in an effort to encourage families to stay together to work their way off welfare.

MEDICAID & CHILD CARE SWAP: To assist individuals in getting a job and keeping a job, Medicaid and child care assistance must be available. All TEA recipients are entitled to Medicaid. All TEA recipients required to work or prepare for work are entitled to child care assistance.

Under current law, Medicaid and child care are provided for a 12 month period for those transitioning from welfare to work. Under the Work First Plan, Medicaid and child care would be provided for an additional 12 months beyond the current transition period. For the second 12 month period, a sliding fee scale would be phased-in, based on a household's ability to pay.

The federal government would pick up a portion of the state share of Medicaid costs for TEA recipients, up to the level it costs a state to provide child care for families below a certain level of poverty (ie: 130%, 115%, ... yet to be determined). The child care assistance offered by a state must meet the rules of the Child Care Development Block Grant of 1990.

PENALTIES FOR INDIVIDUALS:

(1) An adult applicant for TEA who does not sign a Parent Empowerment Contract disqualifies the household from receiving TEA.

(2) Failure to Comply with Parent Empowerment Contract: –

> (A) Progressive Reductions in Aid for 1st and 2nd Failures – The amount of TEA otherwise payable under the State plan to a family that includes an individual who fails without good cause to comply with a Parent Empowerment Contract signed by the individual, including requirements to look for work and work, shall be reduced by –
>
> (i) 33 percent for the 1st such act of noncompliance; or
> (ii) 66 percent for the 2nd such act of noncompliance.
>
> (B) Denial of Aid for 3rd Failure – In the case of the 3rd such act of noncompliance, is barred from TEA.

(C) Acts of Noncompliance. — For purposes of this paragraph, a 1st act of noncompliance by an individual that continues for more than 1 calendar month shall be considered a 2nd act of noncompliance, and a 2nd act of noncompliance that continues for more than 3 calendar months shall be considered a 3rd act of noncompliance. Benefit reductions can be "cured" for future months by complying with the contract. Nothing can cure termination from the program after two acts of noncompliance without good cause.

(B) Refusal to Accept a Bona Fide Offer of Employment. — If an unemployed individual who has attained 18 years of age refuses to accept a bona fide offer of employment (without good cause), the household shall be ineligible for aid under TEA.

(3) In no event shall a family whose benefits have been reduced be entitled to additional food stamp assistance to ameliorate the difference.

PENALTIES FOR STATES:

Effect of Failure to Meet Participation Rates: If the state fails to achieve the required participation rate, the Secretary may make recommendations for changes in the state program. If a state fails to meet the participation rate required for 2 consecutive years, the Secretary may require the state to make changes in the state program established under this part and require the state to divert 1.5% of the state's Surface Transportation Program funds (STP funds under ISTEA) to the Work First Employment Block Grant. In this manner, (as opposed to other bills that require the "AFDC block grant" to be reduced by 5%), the state is required to divert money from one federal form of creating jobs to another federal form of creating jobs -- the Work First Employment Block Grant.

If a state fails to follow the state plan, no federal funds under TEA or the WFEBG will be made available.

DT: 4/29/95

Brief Comparison of Major Provisions in Welfare Plans

Item	House bill	GOP Govs	Deal Amdt	TAD
AFDC Entitlement	Abolishes AFDC. Turns AFDC into a state entitlement block grant, which is capped.	Abolishes AFDC. Turns AFDC into a state entitlement block grant, which is capped.	Retains current law individual entitlement.	Abolishes AFDC. Creates new Temporary Employment Assistance, an individual entitlement.
State match/ benefits	No state match required. Benefits can be cut.	No state match required. Benefits can be cut.	Retains state match requirement. Retains current law.	States can cut benefits if they provide parent w/job for 20 hours per week.
Time Limits	5 year lifetime limit, with state option for less time.	Silent on time limit issue.	4 year lifetime limit, with state option to impose time limit after 2 years.	5 year lifetime limit, with reduced grant after 2 years for parents refusing workfare.
State Plan	Plan submitted to Sec.	Plan submitted to Sec.	Current Law	Plan submitted to Sec and deemed approved if not rejected w/in 120 days.
Personal Contract	None	None	Individual Responsibility Plan. Penalties if not followed.	Parent Empowerment Contract. Must sign to receive aid; must follow or penalty.
JOBS program	Abolishes JOBS. JOBS would be consolidated with AFDC in	Abolishes JOBS. JOBS would be consolidated with AFDC in	Retains JOBS. Adds $9.2 billion over 5 years plus $1 billion per year	Abolishes JOBS. Creates new Work First Employment block grant. $

Item	House Bill	GOP Govs	Deal Amdt	TAD
JOBS program continued	a fixed amount of $ over 5 years.	a fixed amount of $ over 5 years. ($400 million more per year than House bill)	under current law.	to be determined, but would be an increase from current $1 billion per year.
Participation rates: (Current law is 20%)	FY96 10% FY97 15% FY98 20% FY99 25% FY00 27% FY01 29% FY02 40% FY03 50%	FY96 10% FY97 15% FY98 20% FY99 25% FY00 27% FY01 29% FY02 40% FY03 50%	FY97 16% FY98 20% FY99 24% FY00 28% FY01 32% FY02 40% FY03 52%	FY96 20% FY97 30% FY98 40% FY99 60% FY00 70% FY01 80% FY02 90% FY03 90%
Hours of work per week req'd. (current law is 20 hours per week)	FY96 20 97&98 20 FY99 25 FY00 30 FY01 30 FY02+ 35	FY96 20 '97&98 20 FY99 25 FY00 30 FY01 30 FY02+ 35	FY96 20 '97&98 30 FY99 30 FY00 30 FY01 30 FY02+ 30 (State option for 20 hours per week in '97 & '98, 25 hours in '99.)	FY96 20 '97&98 30 FY99 30 FY00 30 FY01 30 FY02+ 30 (State option for 20 hours per week in '97 & '98, 25 hours in '99.)
Rainy day fund	Loans to be repaid with interest. Loans triggered by UI rules (UI % in excess of 6.5%)	Grants triggered by UI rules (UI % in excess of 6.5%)	Since entitlement, no need for "rainy day fund".	Since entitlement, no need for "rainy day fund", but bonus system for employment. Bonus $ can be used for Work First Employment block grant or child care.
State Penalty	Failure to meet participation rates would result in 5% cut	Failure to meet participation rates would result in 5% cut	Sec. can make recommend-ations for improvement	Sec. can make recommend-ations for improvement

Item	House Bill	GOP Govs	Deal Amdt	TAD
State Penalty continued	in state annual grant.	in state annual grant.	(1st time) and impose a 5% cut in AFDC payments (2nd time).	(1st time) and require a diversion of 1.5% of a state's STP funds (hwys) for Work First Employment block grant purposes to put welfare recipients to work.
Individual Penalty	State determines level below current benefit.	State determines level below current benefit.	33% cut 1st time; 66% cut 2nd time; off AFDC 3rd time.	33% cut 1st time; 66% cut 2nd time; off TEA 3rd time.
Earnings **Resources** **Assets**	States decision. State decision. State decision.	State decision. State decision. State decision.	Liberalized. Liberalized. Liberalized.	State decision. State decision. Liberalized.
Minor Parents	No $	State decision.	Live at home or w/adults.	Live at home or w/adults.
X-fer $	Allows x-fer of 30% of block grant for other purposes.	Allows x-fer of 30% of block grant for other purposes.	No block grant, therefore, no x-fer.	No x-fer, but bonus $ can be used for Work First Employment block grant or child care.
Child Care	Authorized funding only; no guarantee of child care assistance for those transitioning to work.	Mandatory money; no guarantee of child care assistance for those transitioning to work.	Increases child care $, retains guarantee for those transitioning to work. Retains 1 year extension of child care for those transitioning.	Medicaid/Child Care partial swap. Child Care guaranteed for those required to work or prepare for work. 1 year transitional coverage retained and extended on

Item	House Bill	GOP Govs	Deal Amdt	TAD
child care continued				sliding fee scale. Child care provided by the state must meet the rules set under the Child Care Development Block Grant of 1990.
Medicaid	Current law, 1 year of transitional Medicaid for those working.	Current law, 1 year of transitional Medicaid for those working.	State option to extend Medicaid for an additional 12 months.	Medicaid/child care partial swap. Medicaid 1 year transitional coverage retained and extended on a sliding fee scale.

MEMORANDUM

To: Grace Reef

Subject: Proposed Democratic Alternative

The draft you provided is an good start. It provides dramatically more state flexibility while retaining the entitlement, seeks to focus on work, and to deal with teen pregnancy issues. We were particularly intrigued by the idea of a special pool of resources for work activities and a performance bonus for those states meeting certain obligations. Most of our suggestions are in the nature of sharpening the focus on the issues which we see as likely to be particularly important in the upcoming debate.

Emphasis on Work

Our major suggestions involve the relative emphasis on work versus state flexibility. While you talk about a reemphasis on work, it appears that states actually would have almost complete flexibility regarding it. States could require work, but it also appears they could let people collect benefits in a manner similar to the current system indefinitely.

We believe (and the polls show the public believes) welfare reform is first and foremost about work. A critical part of the debate in the coming days will involve whether or not the plans genuinely and effectively seek to move people to work, and to insist that those who receive aid have responsibilities ultimately to work. The vulnerability of those who argue for block grants is that they really are arguing about federalism, not about work focussed welfare reform. Arguing about which plan does more to ensure that genuine work based reforms occur is a powerful position both substantively and politically.

Thus we think work is an area where the federal government can and should set some real measures of accountability. The public want assurance that people will not collect welfare indefinitely without working. To indicate a clear focus on work, the plan could be strengthened with:

> **Some broad outline of responsibilities and expectations of people who come on welfare including work requirements after specified time limits.** For example, as you plan suggests, all persons coming on welfare must develop an employability plan, meet the expectations of the plan. The plan should include an expectation that the person will work within some specified period. Nearly all plans now set some sort of limit on receipt of cash without working (for the phased in group.) All the major House bills seemed to pick a two year limit, but it could be flexible, though it makes the message a little more complicated. (The Harkin-Bond bill, for example, would allow states to set individual time limits. We think there needs to be some upper bound on limits for the healthy though, thus one could say states would set a limit of 1 to 3 years.) Both the public and recipients need to clearly understand what will be expected of those on welfare.

2 yrs or less

An understandable and serious set of work/participation standards. Ultimately, people ask what fraction of the caseload must be working by a certain date. It is important to have clear work standards. This requires both a definition of participation and work and a set of standards. Ideally, you should be able to contrast a Republican bill that credits states for cutting people off the rolls with a Democratic plan that really moves them into work. Generally we recommend counting people as participating if

- o they are working at least 20 hours while on welfare (either in a subsidized or unsubsidized job)
- o are involved in 20 hours or more of job search during their first 12 weeks of welfare receipt
- o they recently left welfare and got a job (say in the past 6 months).

In addition, you may want to count people as participating if they have been on welfare for less than two years and are in training or education programs designed to lead them toward work.

Participation standards probably need to be as high as those in HR. 4. Note: one has a choice on definition, one can exclude certain groups--the disabled, those caring for disabled children, and those with very young children--and then set somewhat higher work standards for the others. Or one can include everyone in the standards and then set them somewhat lower in recognition that some people will be unable to participate.

Clearly identifiable new resources for training and child care coupled with some form of child care guarantee. Every previous bill, including the original contract with America acknowledged that if one was serious about moving people to work, more resources would be needed for child care and for education and training. But the final version of HR 4 had less of these. We are very intrigued by your proposal of an employment block grant with its system of incentives and bonuses. Having a separate block grant for these can help emphasize the hypocrisy of their plan, while providing considerable flexibility for the states.

We think it probably makes sense to link any bonus or incentive money to performance using the work standards defined above. Thus states that have done more to get people working as measured by exceeding the participation standards would get an additional bonus. One could instead give a bonus based on improvements in the number of people working, but this both penalizes those already doing a good job and also opens opportunities for various ways of gaming the system.

We would stay away from penalties in other areas, such as highway funds. Having a higher match, or perhaps no match at all is an excellent idea for this program. You also include the child care guarantee which seems critical.

Temporary Assistance Plan, Time Limits, and Work

The idea of converting AFDC to a new temporary assistance plan seems very sensible and important. But inevitably you will have to confront some key questions:

Time Limits Followed by Work?--Is there a point at which those who are employable must work in order to continue receiving benefits? If so, is the state required to provide work if the person claims they are unable to find a job? Most plans require work after 2 years. But some do not require states to provide work if the person does not find it. That implies people can be terminated after 2 years.

Ultimate Time Limits?--Are states allowed or even required to terminate benefits to some persons after they have received help for a certain number of years? Several plans, including Deal and HR4 terminate all or some persons after 4 or 5 years of aid regardless of whether there are jobs available.

Based on our experience, these issues cannot be avoided. The question of whether subsidized work/workfare must be provided after some time limit and if so for how long is critical.

Your strategy is intriguing, though we were a bit confused. It appeared to say that at some point of the state's choosing benefits can be reduced, but not below 20 hours times the minimum wage. But other portions seemed to suggest a state could set time limits and through people off at any stage. Frankly we had trouble understanding how this provision would work and wonder about its political viability.

Here are some options you might consider:

Option 1: Require that after 2 years, adult recipients must work. If there are no private sector unsubsidized jobs available, states must provide them with a work opportunity. After 4 years, states may end benefits for the adult. (Note this implies that benefits for the children could continue).

Option 2: Any time after 2 years states may terminate the adult (though children remain eligible). If the state chooses to provide benefits beyond that period, aid must be in the form of work.

Option 3: The Deal approach allowed states to terminate the entire case (adults and children) after 2 years if it provided some form of employment voucher to the individual. Any aid provided beyond 2 years must be in the form of work. After 4 years the entire case must be

terminated. Note, however, that these provisions only applied to that portion of the caseload who actually participates in the Work First program--i.e. 52% in the last year.

These are consistently one of the hardest issues, but unless you are clear on them, we fear you will lead face confusion and could ultimately weaken your position in the debate.

Training Vouchers
The Breaux/Brown bill and others like the idea of including an option for states to provide recipients with some form of training voucher which could be used with private employment agencies. You might try to include some language.

Teen Parents
We urge you to make the rules and the strategies for fighting teen pregnancy clearer. We urge the bill say that mothers under 18 must stay at home, stay in school and identify the father. We also like the idea of grants to low income school districts to set up teen pregnancy prevention programs and some comprehensive demonstrations.

Child Support Enforcement
The public want strong measures on child support enforcement to deal with "deadbeat parents". There is general agreement on a basic set of child support proposals. The Snow, Bradley and other bills are all very close. In addition parents should be required to participate fully in helping identify the non-custodial parent before they are allowed to collect benefits.

We hope this is of use. We have included a version of a plan we worked up for House people to see if any provisions in it would be helpful to you.

WH Senate

MEMORANDUM

To: Senator Breaux
From: Will Marshall, Ed Kilgore & Lyn Hogan
Date: May 8, 1995
Re: Senate Democratic Welfare Reform Alternative

As you know, we believe the message that underlies the draft Senate Democratic alternative welfare reform proposal is right on target: a radical change in the incentives governing the welfare system for administrators and recipients; a focus on job placement utilizing intermediaries; and a close linkage between increased flexibility for the states and their willingness to achieve results, defined as recipients engaged in work.

But we remain concerned that the proposal as written does not really reflect that message in two crucial particulars. In both cases, we want to offer suggestions for bringing the proposal into congruence with what you aim to achieve politically and substantively.

1. Our biggest concern is the use of participation rates as the main measure of success or failure for state administrators of welfare programs. We suggest making private sector job placements the key measurement, with states that succeed earning bonuses and states that fail incurring sanctions.

Participation rates:

* reinforce the worst habits of the welfare bureaucracy--counting the number of people in programs rather than the number of people moved out of programs and into work.

* undermine the work-based performance bonuses in the bill by focusing on an entirely different measurement.

* create a no-win budgetary situation in the context of the overall proposal, since the only way to boost participation rates in welfare-to-work programs is to vastly expand funding (current rates are under 20%); and

* concede crucial political ground to Republican proposals that similarly rely on participation rates, and virtually guarantee Democrats will lose the competition, because we, unlike they, cannot pretend that states will shift resources to meet the higher rates.

If, as your staff has indicated, the only point to participation rates is to provide some "sticks" along with "carrots" to ensure that states do not simply ignore the availability of bonuses and keep the status quo, then a simpler and

more consistent approach is to provide a negative sanction for state failure to move recipients into private sector jobs. Here's how the "stick and carrot" system could work in the context of the current proposal:

* Establish a threshold for job placement states are expected to exceed, based on estimates of the current number of AFDC recipients working.

* In a given year, if a state exceeds that threshold, it gets bonuses for each placement beyond it, paid out by continuing the federal payment for the recipient at 3-month, 6-month and 9-month intervals of private-sector employment.

* If the state in any year fails to exceed that threshold, then it is required to divert 1.5% of its transportation funding into employment services for the following year.

* If that's not enough of a negative sanction, you could apply the negative sanction to any year the state does not actually *increase* private-sector job placements above the previous year; or you can use time limits; or both. In any event, making job placement the key to both carrots and sticks would produce a real change in the incentives of the system; would only incur greatly increased spending for employment services if the states are succeeding in moving recipients into real jobs; and would maintain a sharp distinction between Republicans and Democratic measurements of the goal. They're for keeping people in programs, we're for moving people into work.

2. The proposal claims to replace AFDC and JOBS with an employment system. But it freezes the money into its existing uses by banning reductions in cash assistance benefit levels and capping spending on other welfare-to-work services.

From a feasibility point of view, freezing AFDC benefit levels and maintaining JOBS as a capped entitlement means that there will not be much in the way of new funds to increase job placement and support services.

Politically, that means the proposal will be highly vulnerable to the criticism that it just renames AFDC and JOBS without changing the current system.

We assume that the reluctance to allow benefit cuts or fungibility of AFDC and JOBS money is due to a fear of a "race to the bottom" by states to slash cash assistance. We also assume you don't want to completely uncap JOBS spending and let states put more money into employment services because of the budgetary implications. There are two compromise approaches you could take:

* combine the AFDC and JOBS programs into one, flexible pot of money to create an employment system that would allow states to shift resources to work-related activities as more recipients moved into these activities. Then simply mandate whatever minimum cash assistance level you want, and cap draw-downs of employment system money to create whatever overall level of spending you deem necessary for budget purposes. Low-cash-benefit states, which have lower per capita spending, would naturally get the chance to "spend up," while high-benefit states would tend to shift resources out of income maintenance into job placement and support services, with the mandated minimum acting as a floor.

* keep the programs separate, but ban cash benefit cuts only for low-benefit states, and cap JOBS funding only for high-benefit states. As with the previous option, the effect would be to let high-benefit states shift funds from income maintenance to job placement and support services, while allowing low-benefit states to increase spending on job services and receive a federal match.

Thanks again for this opportunity to comment on the proposal.

cc: Kevin Kelley
Grace Reeves
Elizabeth Drye

5/15/95

CONRAD: Max flex.
Auto stabilizer
WAGE - work oriented
Block grant Child Welf
Can't dump people outside
No specific time limit - leave to states
Intro - Thurs
Wants to offer as substitute
- piece by piece as amdt
Wn add back $80B

Work
Stabilizer
Flexibility

Simpson
Chafee
Hatch
D'Amato

→ State by states
→ Caseload increases in recession, extremes

Conrad alternative
Higher CPI, use it for SocSec 109 vs 0.9Z
60% to welf 100 to Medicaid, 50 to Medicaid
Fair share program - $70
395B in add backs

DRAFT 5/15/95

PRESIDENT WILLIAM J. CLINTON
REMARKS ON THE FIRST ANNIVERSARY OF
THE SCHOOL-TO WORK OPPORTUNITIES ACT
AUTOMATED GRAPHIC SYSTEMS, WHITE PLAINS, MD.
MAY 17, 1995

[Acknowledgments to come]

Imagine yourself back 200 years. You're a young person living in a settlement in Maryland -- say, in Port Tobacco, which back then was the big town around here. Yours is a promising new country, and you are hopeful about the future: George Washington is President, John Adams is Vice-President. Not a bad line-up.

But it is not only the leadership of your country that makes you optimistic; it is the work tradition of your community. For, like young people everywhere, you want a long-term, well-paying job -- you want to learn a trade. So, following a time-honored practice, and taking on the responsibilities that will make you a self-sustaining adult, you go out and seek work as an apprentice.

You head into town. You walk down the unpaved main street, past the whitewashed houses, until you come to where the tradespeople keep their workshops: the blacksmith, the carpenter, and, of course, the printer. You knock on a door and offer an exchange: in return for your hard work, the craftsman will teach you his skills. After a few years of good, tough sweat, you are able to set up your own shop. Soon, young people are knocking on your door.

We must learn from our history, and forge our policies out of what we know has worked. In Maryland in 1795 -- in fact in all of America back then -- this was how one generation kept faith with the next.

The School-to-Work program carries that heritage forward into the modern world. School-to-Work -- the community policy of apprenticeship -- is an idea as old and time-proven as the family business itself. The apprenticeship tradition, rooted in values that go far deeper than today's political fashions, has been updated in the School-to-Work program to prepare youngsters for a world in which skilled workers win.

Two-hundred years ago, this local kid could simply walk up to a door and knock on it. But in our changing world, where commerce is business-to-business rather than neighbor-to-neighbor, things aren't so simple. That's why we need a government program that reinvents a valuable neighborhood tradition. That's how we ensure that the next generation is able not just to put food on their

dpc background brief

Publication: BB-xx-Social Services June 7, 1995

DRAFT

Democrats Unveil Welfare Reform Plan

Today, the Democatic leadership in the Senate will announce their welfare reform plan—a plan that promotes work, but protects kids. The "Work First" plan will dramatically change the current welfare system by:

- replacing Aid to Families with Dependent Children (AFDC) with a conditional entitlement of limited duration Temporary Employment Assistance (TEA);
- requiring all able-bodied recipients to work;
- turning welfare offices into employment offices;
- guaranteeing child-care assistance; and,
- requiring both parents to contribute to the support of their children.

The "Work First" Plan

Temporary Employment Assistance

Under the Democratic plan, AFDC is abolished and replaced by TEA, a conditional entitlement of limited duration for families.

- **Assistance is conditional.** In order to receive assistance, *all* recipients *must* sign a Parent Empowerment Contract. This contract will contain an individualized plan to move the parent into the workforce as soon as possible. Those who refuse to sign a contract won't get assistance and tough sanctions apply to those not complying with the contract.

Draft

- **Assistance is time-limited.** From day one, all able-bodied recipients will be required to engage in an intensive job search. After *two months*, only clients who have signed the Parent Empowerment Contract and are working toward its objectives can continue receiving assistance. After *two years*, an individual is not working, States will be required to offer workfare or community service. Again, tough sanctions apply to those who refuse to participate in workfare. No family may receive assistance for more than *five years*.

Work First

The Democratic plan emphasizes work by establishing the "Work First" Employment Block Grant for States. The focus is on work: providing the means and the tools needed to get welfare recipients *into* jobs and to *keep* them in the workforce.

All able-bodied recipients must work. For those recipients still looking for work after the initial two months of job search, the State may provide any of a number of services to assist recipients in obtaining jobs, including, but not limited to:

- job-placement vouchers;
- wage subsidy/work supplementation;
- microenterprise development/self-employment;
- a Gain-type program like that operated by Riverside County, California which sorts clients into two streams: (a) those needing education and (b) those job-ready who will be moving more quickly into the workforce;
- a JOBS Plus-type program like that operated by the State of Oregon which provides on-the-job training opportunities for clients in private and public sector jobs by cashing out AFDC and food stamps; and,

Draft

- a Family Investment-type program like that operated by the State of Iowa, designed to move families off of welfare and into self-sufficient employment; and,

- on-the-job trainingor other training or education for work preparation that will bring about employment in the private sector.

States given the resources to emphasize work. Under the Democratic plan, States are given the resources to help welfare recipients not only *get* a job but also *remain* in the workforce.

- **Flexibility:** States would set all eligibility rules, enabling States to make work pay more than welfare. States set benefit levels, resource limits, asset levels, and income disregard policies.

- **Funding:** the "Work First" block grant provides States with the funds necessary to assist them with the cost of putting welfare recipients to work. Funding would be increased and the Federal match rate would be increased to 70/30 with ten percentage points higher than the Medicaid match rate.

- **Child Care:** to help recipients keep a job, child care assistance would be made available to all those required to prepare for work or work. Three current child care programs (AFDC child care, transitional child care, and at-risk child care) would be consolidated into an expanded Child Care Development Block Grant (CCDBG) sponsered by Senators Dodd and Hatch in 1990. The CCDBG would be expanded to cover welfare recipients required to work, those transitioning from welfare to work, and the working poor up to the poverty level. The Federal match rate would be increased to 70/30 or ten percentage points higher than the Medicaid match rate.

- **Health care:** to encourage clients to stay in jobs by making employment more attractive than welfare, Medicaid coverage will be extended by an additional 12 months beyond the current one-year transition period.

Draft

We count *work*, not "participation". Under the "Work First" plan, States would focus on getting recipients into *real* jobs, getting credit only for:

- those leaving welfare for work;
- those working 20 hours or more per week (even if still receiving benefits); and,
- those working 20 hours or more per week in subsidized jobs (but not workfare) unless recipients live in areas of high unemployment.

By the year 2000, States will be required to achieve a work performance rate of 50 percent, which would mean an unprecedented number of welfare recipients would be working.

Community service for those who don't work. Those not working within two years must perform workfare or community service as designed by the State. Even those who are exempt from the work requirement (ill, aged, incapacitated recipients, those caring for a disabled child or relative, or those with a child under six months old) will have obligations. They could be required to perform community service as defined by the State, such as volunteering at their children's school, or they must take responsibility as outlined in their Parent Empowerment Contract, such as having their children properly immunized

Fathers

Absent parents. Absent parents who are delinquent on their child support payments may:

- choose to enter into a re-payment plan with the State; or,
- choose between a community service job or jail.

States would have the option of allowing job placement servicesto absent parents, on the condition that, once employed, they meet their child support obligations.

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Keeping families together. States may serve unemployed fathers in job placement under the "Work First" Block Grant program in an effort to encourage families to stay together to work their way off welfare.

Teens

Teen parents. Under the Democratic plan, the message to teen parents is clear: stay at home and stay in school. No longer will a teenager be able to drop out of school and establish her own household, creating the cycle of dependency that is difficult to break.

- **Stay at home.** Custodial parents under the age of 18 would be required to live at home with an adult family member or in an adult supervised group home, in order to qualify for TEA benefits.

- **Stay in school.** Teen mothers would be required to remain in school or in an alternative technical or trade program through age 18 (age 19 at State option) in order to qualify for TEA benefits. In addition, teen mothers would be required to participate in substance abuse treatment programs, when deemed necessary.

Teen pregnancy prevention. The number of children born to unwed teenagers has risen sharply in recent years. The Democratic plan addresses this problem by including grants to States for the design and implementation of teen pregnancy prevention programs. Such programs would be operated by State agencies, local agencies, publicly supported organizations, private nonprofits, as well as a consortia of such entities. Governors would select projects with preferences given to those applications targeting:

- both young men and young women;

- areas with high teen pregnancy rates; or,

- areas with a high incidence of individuals receiving AFDC.

SENATE WELFARE REFORM PROPOSALS

- There are four major Democratic plans under development -- the **Leadership** proposal, Senator **Conrad**'s proposal, Senator **Moynihan**'s proposal, and Senator **Moseley-Braun**'s bill

- All four proposals share some basic elements:

  - all keep AFDC as an entitlement

  - all reform AFDC and welfare substantially

  - none is draconian
    - -- none repeal IV-E
    - -- all increase child care funding
    - -- all (except Moseley-Braun) reform SSI
    - -- none (except Moseley-Braun -- we have not seen the financing package) would result in a cost to the taxpayers

- Although the Senate Finance Mark will reportedly save only $30 billion (as compared to H.R. 4's $68.6 billion in federal savings), this should not be viewed as significantly less draconian cuts. For example, the Senate Finance Committee does not have jurisdiction over Food Stamps or the child nutrition programs. H.R 4 would cut $23.2 billion from Food Stamps (although $5.9 billion of the savings would be offset by food stamp increases resulting from cuts in other titles of the bill, and similar effects could be anticipated in the Senate proposal absent a food stamp block grant), and $6.6 billion from child nutrition programs. Not taking the food stamp offsets into consideration, the Senate Finance Mark's $30 billion in cuts compares to H.R. 4's $39 billion in cuts in cash assistance, child welfare, child care, immigrants, SSI, and child support.

- Summaries of the four Democratic proposals are attached. An unofficial cost estimate of the Moynihan proposal is included.

- Highlights of what we know at this time about the Senate Finance Mark follow.