

ALL ANSWERS ARE TO BE CONSIDERED STRICTLY CONFIDENTIAL

1) Transitional Assistance -- The new time limited program would require all states to enroll income eligible families with a parent born after 1972 two years after enactment. Is this target group acceptable?

Yes -- 24

No -- 07

Didn't vote, w/comments -- 02

Didn't vote, w/o comments --00

Checked both 'yes' & 'no' -- 01

Yes

- o It depends on how enrollment is defined and on how it is financed.
- o No federal mandate without sufficient federal funding. This target group is acceptable provided there is adequate federal funding to cover 100% of expanded costs. We are opposed to federal mandates for service employment without federal funding.
- o Program expansion at state option.
- o Maintain state option to phase-in additional families
- o Our state is not opposed to the provision requiring all states to enroll income eligible families with a parent born after 1972 two years after enactment. Based on recent state legislation, our legislature will be requesting a waiver to administer a time-limited AFDC benefit program which will be more restrictive than the current Administration's proposal. In addition, allowing the states the option of including additional target groups is also suggested.
- o Yes, if there are enough resources to serve them. In FY97, caretakers born after 1972 will be equal to approximately 40% of the caseload in our state, or 15-16,000 individuals per month. Currently JOBS serves approximately 7,000 (monthly.) New JOBS cases would require new resources; e.g. training, case management, child care, transportation, etc.
- o Yes, it would be very difficult to implement all at once for everyone. Focus should be on the younger parents to prevent long term dependency.
- o This population is a little less than 30% of the AFDC caseload. Targeting a segment of the population and having people age-in seems very logical. Strategies and needs assessment can be better targeted than going with new applicants with a wide mix of groups.
- o If it is intended that all AFDC recipients eventually be included in the time-limited program, a plan needs to be developed to add other income eligible families incrementally.
- o As long as there is substantial increase in funding to match the requirements.
- o While this cohort will produce long-term savings, it needs to be recognized that these clients are the most expensive because child care needs for infants and preschool children are highest in this age cohort. Increase match rates for child care; allow state option to include clients from other cohorts where child care or adequate funding is not available.

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- o Acceptable, in the sense that if a reform must be phased in this manner, this is a good group with which to start.
- o If states must begin with a target group, this is acceptable.
- o Provided that states have flexibility to phase in other target groups with potential to succeed, e.g. other recipients born before 1972.
- o It is effective to target young AFDC families, but there is concern as to how regular JOBS target group requirements and participation rates will be impacted.

No

- o There should be state flexibility on target groups. Note this raises questions about equitable treatment for similarly situated families.
- o A more realistic approach would allow the states to target a percentage of caseload based upon geographic and economic parameters to control the size of the eligible group and to provide services to the most appropriate needy AFDC clients.
- o The majority of recipients would be unaffected because of the phase-in.
- o We believe that all recipients of AFDC should be enrolled in a training, education, or work opportunity as a condition of receipt of benefits. There should be no time limit unless jobs are available.
- o Require parents born after 1968 to enroll in time-limited program.
- o Why would parents born before 1972 be excluded? For any large number of participants, from where do the "work" jobs come?
- o Prefer that all eligible income families with parents be subject to time limits with the exception of the disabled or parents caring for disabled.

Yes and No

- o The target group is acceptable, though we have read it as those born after 1971. The time frame is not acceptable. We need promulgated regulations to have the detail and decisions necessary and these are often delayed. Two years from issuance of promulgated regulations is sufficient.

Didn't vote, w/comments

- o We are in the process of analyzing this approach. At a minimum, states should have the flexibility to phase-in the population as it's finally defined, beginning two years after publication of final regulations or after the enactment if states are held harmless for differences between actual implementation and final regulations.
- o We have had target groups before, starting with the WIN program and now the JOBS program. If we are to transform welfare as we know it, every financial assistance applicant/recipient needs to participate in activities leading towards employment. We should be allowed to phase this in on a geographical basis.
- o We serve 1/3 of the mandatory eligibles to his point. And the groups grows every month. Serving everyone in a two-year period would require extra resources.

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2) JOBS -- The Administration would target this transitional assistance program on younger AFDC parents. All young parents who are not working or in JOBS-Prep would be expected to go into an expanded work-focused JOBS program until they get a job, or their time limit expires. The Administration projects that there would be 740,000 JOBS participants in FY1997, increasing to 770,000 in FY 1999 (assuming enactment in 1994 with a two year phase-in period.) The current JOBS program serves less than 500,000 participants. Can you project what additional level of JOBS funding your state would need (assuming the current match rate) to fully implement this expanded JOBS program?

Yes -- 14

No -- 12

Didn't vote, w/comments-- 08

Didn't vote, w/o comments-- 00

Yes

- o We are already expanding our JOBS program under welfare reform waivers and this target group is among those who will be served.
- o State cannot afford additional match. Yes, we could project an estimate of additional costs.
- o To fully implement an expanded JOBS Program, this state would need approximately \$7 million, of which \$3,763,00 would be federal funds. This projection does not take into consideration the increased intensity of effort that may be needed to serve younger parents.
- o Estimate a 50% increase in the JOBS funding level to handle additional cases
- o It will likely cost another \$100 m. Unless the federal matching rate is 90% or 100% state level appropriation is not available to expand the program.
- o A doubling of JOBS funding would enable us to implement the proposed expanded, JOBS program. In addition, the funding would enable us to move towards requiring all AFDC recipients to participate in appropriate self sufficiency activities as presently provided for under the Single Parent Employment Demonstration.
- o Given sufficient time, it will be possible to estimate caseload sizes and levels of funding. There are currently approximately 40,000 open cases in the JOBS program, at a cost of \$26 m. It is important to ensure that sufficient child care funds are available to serve this population. The targeted group are clients 22 years old and under, with the assumption that their children are younger children with greater child care needs.
- o Based upon limited information available, we project a total cost of \$114 million including \$80.9 million of state funds. Elimination of the cap would result in federal match of \$72.1 million rather than the \$33.1 projected.
- o Our state's share of the new JOBS slots would approximately 10,000. We estimate the total cost of funding the new slots at \$11.3 million (\$5.6 federal, \$5.7 state).

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- o Current funding level is \$27.0 million. An additional \$17.5 million would be required. That amount includes \$2.9 million to compensate for current overmatch by our state.
- o Implementation would double our state's JOBS caseload and would take an additional 2.5 million to expand the program.

No

- o We cannot project costs with the information we currently have.
- o There are an extraordinary number of variables here. Not only the number of participants, but overall program design, number of sanctions, and support service costs to name a few.
- o Do not have data available on the number of new or re-applicants that are under 22. Also the dollar need is directly impacted by the type of services to be provided. A larger demand on child care would be a result and have to be considered.
- o Additional analysis of caseload demographics is required.
- o Our state would need approximately a total of \$17.4 million (\$15 m state and \$2.4 m federal) to serve 100% of the mandatory population, using the current definition of a mandatory participant. Increased federal funding including an enhanced match rate is necessary to serve participants in the expanded program. States have difficulty in maximizing federal funds under the current federal match rate and cap. Expanded federal funding alone does not alleviate the state's ability to obtain sufficient state funds to maximize federal funds and serve all participants.
- o The new program will require greater infrastructure, more publicly subsidized slots, lower caseloads & higher administrative capacity. For smaller states the cost per client is higher and must be factored in.
- o Our current appropriation serves 3,000 families at any given time. Another \$1 billion would allow the same number of clients to be served at a time, but the expanded program would require more clients to be served especially if the age of the child is dropped to age 1.
- o The JOBS funding our state would need is \$299.1 m. This cost assumes that every AFDC recipient age 26 and under is mandatory. However, given the current ratio of mandatory participants to the total population, the cost would be reduced too \$169.3 m before 1972 who are in JOBS or are self initiated or required supportive services.
- o Not enough information to project.

Didn't vote. w/comments

- o Currently this state is serving 6850 JOBS participants. We would be serving 23,400 in JOBS if total participation were required. Although we would be serving 3.4 times as many people, the cost is difficult to predict because support service requirements are unclear.
- o Extremely difficult to project at this point. Would suggest approximately 35m to 50m.
- o We are reviewing the implications of this approach in our state. But it is clear that a higher match rate would be necessary.

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- o There are too many unknown variables. 740,000 appears to be low, unless all current JOBS resources are redirected to the target population. It would be unfair, and perhaps discriminatory to exclude people over a certain age from any available employment and training programs. Rough estimates of job services for additional 16-18,000 recipients could be as much as \$40 million not including health care or as payments.
- o It's very difficult to project this, but we think we would need at least twice as much as we are now authorized.
- o JTPA is the primary funding source for JOBS skill training; these funds are declining, particularly for younger clients and cannot be relied upon for the broader/expanded group.
- o Data is being collected to project the size of this population, the state funding required, and the federal funding required.
- o If by "expanded work-focused JOBS program" we mean JOBS-Prep, JOBS and WORK Program, our state would project @ 4840 to be in JOBS-Prep, 6900 additional caretakers in JOBS and @ 8,700 in the WORK program. The current JOBS program in our state is serving @ 10,800 AFDC caretakers or 88% of the AFDC caretakers who are 24 years old and younger. Based on current values, the costs for JOBS-Prep, additional JOBS and WORK program would be \$1,210,000, \$40,830,000 and 37,428,900 respectively. Since the Work Program will be implemented in year three of the program, the additional level of funding per year in the first two years of the program would be \$42,040,000 for JOBS-Prep and additional JOBS recipients. The federal share would be 24,803,600 at 59% FFP rate and the state share would be \$17,736,400. Third year and later funding will need to be increased by \$37,582,249 (federal share -\$22,173,526) to phase in the WORK program for those who reach the 24 month time limit and are unemployed. In projecting the cost of the WORK program, we assumed that our state's WORK program would consist of work-for-wages, community work experience and volunteer services. Bottom lines: @ \$42 million (federal + state) in its initial phase and @ \$79.5 million (federal + state) with the WORK program. Day Care costs are included in the above projections.
- o We can project, but don't have current figure.

3) JOBS -- Currently, the JOBS program is authorized at \$1 billion per year and serves about 16 percent of the eligible population. One proposal would authorize an additional \$1 billion per year for the JOBS program. Is this a sufficient level of funding to serve the participants in the expanded program?

Yes -- 12

No -- 16

Didn't vote, w/comments -- 06

Didn't vote, w/o comments-- 00

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Yes

- o Would be sufficient but may not be sufficient for other states if given the opportunity to expand those served
- o Assuming that these funds are for the JOBS program only, not the JOBS-prep, other work programs, or child day care. The funding level would also be dependent upon the intensity of service needed to serve this younger population.
- o The level of funding would need to cover the expected increase in the number of participants as well as the increased costs resulting from expanded services.
- o Should be adequate if state match is available.
- o Even if federal money would be available, the concern would be the required level of state match already a problem currently for some states. Also, other expenditure requirements such as 55% on target groups would have to be done away with.
- o We request that states implement universal participation be permitted to draw down additional JOBS funding.
- o An additional \$1 billion could probably serve most of the expanded population. It depends on the number that would be deferred to JOBS-prep and on the number of services needed by the new JOBS population. However, the program would require an additional appropriation of state funds for matching this JOBS component as well as JOBS-PREP, child care, etc.
- o It looks like this might be sufficient.

No

- o Need more funding for a larger target group
- o One of our state's problems in serving another mandated group in a rigidly specified time frame is raising the state funds to draw down federal funds. The match ratio for JOBS funds should be changed 90/10 and states should be able to transfer AFDC funds to the JOBS program as the caseload decreases.
- o We agree that \$1 billion is a good place to start. Since many states have not been able to supply the match necessary to draw-down available funds, however, adding money without reducing the necessary match will not improve many state's positions. In this state, while we have been able to draw down the IV-F money available to us so far, it is uncertain whether we would be able to double our expenditure. Lifting the cap and increasing the federal match will better position states to implement the new federal program.
- o This may be enough for this first year, but will not be in subsequent years. Also a higher federal matching rate is needed and that will require an increased federal appropriation.
- o Probably not. The more persons served, the more employment barriers that will be found, the higher the support service costs. Program design becomes, e.g. are current dollars retargeted from some education/training activities to a shorter "work attachment" model?

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- o Increased federal funding including an enhanced match rate is necessary to serve participants in the expanded program. States have difficulty in maximizing federal funds under the current federal match rate and cap. Expanded federal funding alone does not alleviate the state's ability to obtain sufficient state funds to maximize federal funds and serve all participants.
- o Administrative capacity is a serious issue. The youngest segment of the population requires more intensive case management; resources to provide transitional program services for an additional 30% of the population must be developed; imposing a time limit makes it critical for states to provide necessary supportive services, such as drug treatment or mental health counseling, which may have been previously unfunded.
- o Eligible population is now very narrowly defined (55% of the caseload.) Initiative will both drastically increase clients to be served and will not let us rely as we currently do on the mandatory JOBS population whose children do not need child care.
- o Assuming no change in the match rate and distribution formula, this would more than double our state's current investment of not only state match dollars but also 100% state dollars currently invested above the match.
- o Not with the current federal match rate system which requires a certain level of state funding. Because of budget limitations imposed by the State Legislature, we would not be able to draw down our full allotment even with an increase in funding.
- o With current fiscal constraints, it is anticipated that sufficient State appropriations would not be available. State match requirements must be reduced or States will not be able to draw down additional Federal dollars.

Didn't vote, w/comment

- o We are reviewing the implications of this approach for the JOBS program in our state. But it is clear that a higher match rate would be necessary.
- o Unable to determine at this time. If the intention is to require participation of all clients eventually this would not be sufficient.
- o Consideration should be given to coordination of funding with existing programs; this proposal has failed to engage other providers/systems in the discussions.
- o The distribution of funding per state is more critical to determine if there is a sufficient level of funding.
- o It is difficult to project what an additional \$1 billion dollars would accomplish nationwide, and therefore difficult to project if the funding level would be sufficient for our state.

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4) JOBS-PREP -- The Administration proposes to defer some otherwise eligible families from the time limit in the transitional program and assign them instead to the JOBS-prep program. What approach would you support?

	<u>Single Answer</u>	<u>Included In a Combination Answer</u>	<u>Total</u>
1 No deferments	02	01	03
2 Specify categories	13	10	23
3 Allow %exemption	06	09	15
<u>Breakdown</u>			
05--00			
10--02			
15--02			
20--03			
25--05			
other --01			
%unspecified--02			
4 Require min. %	01	05	06
<u>Breakdown</u>			
75--04			
80--00			
85--00			
90--01			
other--01 (1 responded 50-75)			

Combination answers --

<u>Survey #</u>	<u>Answers</u>
02	2,3 (10),4 (90), no comments
05	1,2, comments
08	2, 3 (20), 4 (75), no comments
10	2, 3 (15), comments
15	2, 3, comments
19	2, 3 (25), 4 (50-75), comments
26	2, 3 (25), 4 (75), no comments
28	2, 3 (25), 4 (75), comments
32	2, 3 (15), comments
34	2, 3 (25), comments

Didn't vote, w/comments -- 02

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No deferments

- o Whether JOBS-prep or transitional, every participant should be expected to do something which should be set forth in an agreement of mutual understanding.
- o You cannot judge on the front end, who is job ready and who is not.
- o Phase in all recipients over next 4 years. Everyone can do something. This state is proposing legislation requiring all AFDC recipients to participate in a JOBS program with more components authorizing the Department of Human Services to apply for a federal waiver.

Specify category, plus exempt %

- o It is important for the percentage to be high enough to adequately reflect the nature of our population. In this state, as in other states that have large urban centers, we have a high proportion of special needs, hard-to-serve clients. Our exempt population must not be compared to other states without similar clients.
- o Additional percentage of 15-20% (primarily due to jobs not being available).
- o The additional percentage of the caseload could accommodate those in an educational setting (that would exceed two years) for the purposes of becoming employable.
- o States should always have the option to exempt some clients even if a minimum percentage of the caseload is required as a performance measure.
- o At state discretion, the JOBS Prep Program could include the temporarily incapacitated, those with a history of substance abuse, caretakers of disabled adults or children, or caretakers of children under the age of one.
- o Keep exemptions to a limit, especially caring for an infant. We would not want having additional children to become a means of avoiding the time limit. Perhaps children under six months would be better.
- o Establishing specific deferrals implies that the deferral is considered to be temporary and will be reviewed when the situation is expected to change.
- o Plus is a key word in this approach thereby, not tying the exempt group to the separately allowed percentage and thereby providing states more flexibility and control.
- o All able-bodied recipients (except those caring for disabled person or newborn) should be required to obtain job and work.
- o Specify categories of individuals, such as disabled adults or those caring for a disabled child, or infant under the age of one, plus allowing states to except an additional percentage of the caseload.

Allow %

- o JOBS-PREP appears to be no different than the current JOBS program -- it provides services with no time limits.
- o (20%) This would allow the states the flexibility to address specific groups within the state.

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o (10%) I believe that 10% or fewer of the adults would actually be unable to work (given sufficient support services, e.g. barrier removal, A & D treatment; child care, medical, transportation.) However, this presupposes sufficient funding to deal with the JOBS program as the expectation rather than the exception.

o (20%) By using a percentage, states can make their own decisions.

o This approach will allow us the greatest flexibility and is much preferred. We have a significant category of individuals in our state who require English as a second language and remediation who do not fit the profile proposed by the Administration. These individuals also will need the pre-JOBS experience for remediation before they can move into training/employment.

Require min. %

The balance of the caseload (25%) would participate in the Pre-JOBS program.

Combination answer:

Specify category: 15% exempt

o State's determination should depend on the availability of additional federal resources.

Specify category: 25% exempt; 50-75 min.

o The percentage actually participating will be dependent upon resources available. States will need flexibility to match supply and demand.

Specify category, 25% exempt, 75% min.

o Contingent on funding levels.

Specify category, 15% exempt.

o Would prefer flexibility at state level rather than mandating a specific % for participation. Considerable national data indicate JOBS is not a particularly effective program but is very expensive.

Specify category, 25% exempt.

o States would need to be able to defer a certain percentage as not everyone would be able to participate in the transitional program.

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Didn't vote, w/comments

- o At a minimum, final deferment provisions should give states flexibility to tailor their programs to their demographics and to changing economic conditions.
- o Not sure how to respond. We do not like exemptions since that sets the wrong expectation. We like individualized participation requirements based on the situation and needs of participants. However, give the 2 year limit, exemptions are absolutely needed.
- o Would recommend a combination of 2 and 3; i.e. allow states to establish exemption criteria which would be accepted as long as no more than 30 percent of the "born-after-1972" caseload is exempted from the time-limit program.

5) WORK -- Which option should be available to states as they attempt to create work opportunities for participants who reach the end of their two year eligibility for cash assistance?

A requirement of work for wages -- 00

The authority to create a variety of work requirements, including work for wages options as well as community work experience and mandated volunteer service -- 28

Didn't vote, w/comments --05

Didn't vote, w/o comments --00

Marked both options 1 & 2 --01

A requirement of work for wages

o We are concerned that there is too much focus on assumption of subsidizing jobs or creating public jobs

The authority to create a variety of work requirements...

- o States need the flexibility that this option provides.
- o Our state prefers giving states the flexibility to develop opportunities which will serve the needs of various state's residents.
- o No federal mandate for state funded public service employment.
- o States require as much flexibility as possible to implement this new program. While we recognize that work for wages is preferable to other options, greater flexibility will provide the ability to serve a larger number of clients.

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- o Flexibility is required so as to allow the state to use the best possible approach in serving the individual.
- o The need for larger numbers of work assignments must be minimized by heavy up front emphasis on securing unsubsidized employment and maximum flexibility will be needed in developing work assignments.
- o It would be necessary for all options to be available as all areas may not allow for an adequate number of work sites (example: rural areas and Indian reservations.)
- o We need the authority of creating a variety of work situations to meet the needs of participants and to respond to different conditions in various parts of the state, including combining work experience with education and job search.
- o States need flexibility to develop policies and requirements that will meet the geographic and economic needs of the states.
- o Placement in unsubsidized private or public sector jobs should be the first priority. If unsubsidized job opportunities have been exhausted or are unavailable, alternatives such as Community Work Experience Program (CWEP), work supplementation or on-the-job training (OJT) opportunities should be required of clients as a condition of AFDC benefit eligibility.
- o States will need a great deal of flexibility to establish the large number of slots needed.
- o It is very important to have a wide range of options for participation in the work requirement. This gives individuals and state agencies the ability to design the work experience so that it best fits the individual and employability goals.
- o The broadest flexibility and the capacity to develop a menu of options would be the most viable. Emphasis should be on Work for "Wage as the proposal says. Tax credits should also be considered as options.
- o States should be given the flexibility to develop work programs to include work for wages, CWEP and other work experience type activities. Current restrictions on CWEP and other work experience programs need to be relaxed.
- o While we support the 2nd option, we believe it is unrealistic to expect all unsubsidized at once, although unsubsidized employment should be the long term goal.
- o State flexibility is critical to allow communities to create work requirements to best meet the needs of the community.
- o Unsubsidized private employment and rewards for working should be emphasized to reduce the need for community service and public sector jobs.
- o The option of creating a WORK program package that includes (1) work-for-wages, (2) community work experience and (3) mandated volunteer services would provide states with more flexibility to deal with changing nature of the local job markets.
- o Again need flexibility particularly in very rural areas.
- o The ability to create a variety of work requirements is very important, but it should not include a provision for mandated volunteer service. Volunteer service should be at state option or have no reporting requirements and minimal record keeping.
- o Our state currently maintains a large community work experience component.

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Didn't vote, w/comments

- o None, two years and off.
- o Work in a public or private entity should be a primary requirement.
- o States should be given a series of options including a state-designed option subject to federal approval.
- o At least 75% of the work opportunities should be subsidized jobs (i.e. work for wages). In addition there should be a time limit on work experience or volunteer service assignments unless it was determined that the wage was below that normally expected for minimum wage work.
- o These options should provide safeguards for current workers to avoid full or partial displacement by welfare recipients.

6) WORK -- The proposal is likely to include a minimum work requirement of at least thirty hours a week with a state option to reduce the minimum to twenty. Do you support this?

Yes -- 13
No -- 16
No vote --05

Would you support a minimum work requirement of twenty hours a week, with the option to go to thirty?

Yes -- 23
No -- 04
No vote --07

Combination vote

Yes, Yes -- 07
Yes, No --02
Yes, no response -- 04
No, Yes --14
No, No --02
No response, Yes -- 02
Didn't vote at all, w/comments --03
Didn't vote at all, w/o comments --00

Yes, Yes

- o We support maximum state flexibility

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Yes. No

- o Individuals who are working should be allowed eligibility for the program but a minimum of thirty hours would provide the state with the leverage to work with individuals who would otherwise continue at a 10 to 15 hour a week job.
- o Requiring work participation as close to a regular work week provides valuable work-place experience. It would benefit participants to be required to periodically attend life skills training and job readiness skills training during the work requirement period.

Yes. didn't respond

- o Yes, if. The ideal combination would be a full-time expectation with a four day work/1 day work search job club arrangement. Whether that is possible depends on the funding available and how many individuals "progress" all the way to a required work assignment.
- o Our state believes the work requirement should be different for single-parent and two-parent families.

No. Yes

- o Considering the difficulty involved in restructuring the system we recommend modest requirements with the option to move toward more stringent expectations.
- o Consideration should be given to option going to forty.
- o Our state recommends that the current mandatory twenty hour per week requirement be retained.
- o Even 20 hours per week will extend current CWEP requirements of AFDC grant divided by the minimum wage. The state's average is approximately 16 hours per week.
- o If the work earnings are substantially lower than AFDC, do participants get a partial grant?
- o To help control child care, transportation and other supportive service costs.
- o One of the problems with the minimum work requirement is equity. If participants are credited at the state minimum hourly wage in our state, many will not be able to work even 20 hours per week. If they are not paid at the minimum rate, we will be highly criticized for "slave labor" tactics. However, if the minimum is put in place, there should be financial or reporting incentives for states for all those who achieve 30 hours. However, twenty hours would allow for more creative job-sharing designs, while still preparing more participants to become job-ready while waiting to secure private employment. Generally, states need ultimate flexibility to meet the various needs of recipients in a changing economy, so more than one option should be allowable to a state.

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No. No

o In the real world people work a 40 hour week.

No response. yes

o States should be allowed flexibility in this area. There may be differences in client populations which affect the ability to work a minimum number of hours. Flexibility to gradually increase the required hours is desirable, e.g. 15 hours - 1st year, 25 hrs. - 2nd yr., 35 hrs. - 3rd yr...

Didn't vote. w/comment

- o Difficulty in answering. Concerned about very young teen parents who need to finish basic education before they can become job ready. A minimum work requirement may perpetuate their need for some other type of assistance.
- o States should be given the broadest possible range of options in imposing work requirements to allow for regional variations in changing labor market conditions.
- o What is the difference between the 2 options? We would like to be able to require, if appropriate given the circumstances up to 40 hours of participation a week in a combination of activities, including job search, community work, regular unsubsidized employment and education. 20 hours would be the minimum requirement, except for persons on temporary leave because of illness, etc.

7) WORK -- Is the proposed subsidy of approximately \$4200 per slot enough to cover the costs of developing and administering the WORK program sufficient?

Yes -- 13

No -- 11

Didn't vote, w/comment --10

Didn't vote, w/o comment -- 00

Yes

- o We assume that these funds are for staff/administrative costs. However, consideration should be given to whether these funds would be better spent through subsidies to private employers.
- o This state is concerned about requiring large increases in state expenditures to draw down federal funds. As with other questions, costs cannot be predicted until some aspects of the proposal are solidified.
- o Without specific information on the WORK program components, it will be difficult to determine the exact cost per slot but a figure of \$4200 should be adequate for our state.
- o Yes, if the funding is per year and the \$4200 doesn't include the wage for recipient.
- o Should be adequate.

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- o A subsidy of \$4,200 for development and administration is more than enough, unless this includes part of the payment as well.
- o It is assumed that case management, implementation costs and client supportive services would be funded from the proposed \$4,200 subsidy. If these assumptions are incorrect, the costs would be higher.
- o Yes, if its excluding supportive services such as Medicaid and Child Care.
- o Need clarification of the match rate being proposed.

No

- o We believe that private sector jobs are preferable to government jobs.
- o Not enough detail in briefing. Does number include state matching? Funds for subsidized employment?
- o Per participant estimate; 20 hours X \$4.25=\$4420. If you add administration, child care and transportation, this subsidy is not enough.
- o This appears to be a little low, based on our experience.
- o Our program costs about \$5,000 annually per active participant. Much of this cost is child care. If child care were separate it would be ok.
- o If payments to and on behalf of clients are included, this clearly inadequate. Otherwise, this is sufficient for administering the program and maintaining support.
- o If limited to only operational administration "yes"; if includes distributive costs: wages, child care and other services then "no."
- o This is below minimum wage, assuming a 20 hour work week. However, if the stipend is not included in this estimate, it would be sufficient funding.
- o Funding to support 1 participant at subsidized wages of \$4.25 for 20 hours/week for 1 year would exceed \$4200 & there would be a need for additional administrative cost for child care & travel.

Didn't vote. w/ comment

- o We can't answer. We do not know if this is meant to cover administrative structure and monitoring or if it includes costs of public or subsidized jobs.
- o This question is impossible to answer as posed.
- o If "per slot" means "per individual who enters this phase", probably yes. If they stay for 6 months, we would have \$700 per month for support services (plus their grant amount.)
- o Can't answer this without additional information.
- o The cost of a subsidy program is subject to regional economic variations within a state and the financing of a WORK program must allow for these variations.
- o Insufficient information available to respond to this question.
- o Unable to determine at this time. If employment subsidies for employers will be available would this be included in the proposed subsidy?
- o It is unclear what requirements are mandated for the "slot" and the length of time \$4200 is to cover (question is not clear).

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o Since "work for wages", (not "work for welfare") would be a defining feature of the Administration's welfare reform proposal, it is important that this component succeed. If the proposed subsidy of \$4200 does not include wage subsidy, the amount will provide states with opportunities to develop an effective WORK program. However, if the proposed \$4200 also includes the wage subsidy, then the component is underfunded. The Administration's tentative plan to reduce the federal share for payment of costs of persons in the WORK program beyond a certain period of time needs to be more specific to avoid cost shifting to states.

8) Do you believe that, beginning in 1999, your state can create the jobs necessary for those who reach the two year time limit and are unable to find employment? The Administration estimates that 500,000 jobs could be required by 2004?

Yes -- 14

No -- 12

Didn't vote, w/comments --07

Didn't vote, w/o comments --01

Yes

- o We believe we can and will create jobs; however many of those jobs will be higher paying/higher skilled jobs, requiring more education and training which may not be possible in a two-year time limit
- o The private sector is currently creating the jobs necessary for employment in this state.
- o We can create enough private sector jobs to accommodate those leaving the rolls.
- o The jobs would have to be of the work experience variety with public or private nonprofit organizations.
- o Yes, but only if we focus on employment from day one. Minimizing training and initial "family wage" job expectations, retaining strong support and transition services (cc and medical) so that only a reasonable number need work placements.
- o If this includes both subsidized and non-subsidized jobs.
- o As long as this can be done in a way that doesn't end up being perceived as threatening the job security and job quality of people who are already in the labor force, we say "yes". This is an important "if" which merits attention.
- o If we have the flexibility described earlier and the minimum number of hours is low, we have a better chance.
- o Additionally current proposal assesses no penalty to the client if growth in these two areas does not meet expectations.
- o If worker's compensation requirements are eliminated or relaxed and the state has the flexibility to develop the slots then the state should be able to meet the challenge of establishing transitional employment.

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- o Our state would emphasize unsubsidized work through incentives, information to clients, and other methods to minimize the number of clients reaching the time limit without a job.
- o Since our approach is to create a WORK program consisting of work-for-wages, community work experience and mandated volunteer service, we believe that we can create WORK options for those who reach the two year time limit. Again, provided that adequate funding is available to create WORK assignments which would help participants find lasting unsubsidized employment.

No

- o A limited number of public sector jobs might be created, but real reform will require the involvement of the private sector. The Administration's approach will merely substitute state support with a state-supported job.
- o We are uncertain. It depends on the economic condition of the state, federal exemption policies and countable activities. In this state, over 100,000 adults are on ADC longer than 2 years. This state does not have the revenue necessary to support public service employment.
- o Having jobs available for those who are job ready is a major concern.
- o Most areas in our state are too remote, underdeveloped, without local businesses. We cannot create the jobs necessary to meet the programs' needs, when our statewide unemployment rate is 9.1%
- o Job opportunities continue to increase in our state as the economy improves. However, the skills, education and employment experience of those individuals who reach the two year time limit may be insufficient to meet employer job requirements. Subsidized employment opportunities may be the only option for those who have exhausted the two year time limit and have been unable to find employment.
- o Not if we mean employment that is self-sufficient.
- o JOBS being created are not well matched to skills of clients which is why our caseload is growing despite job growth in many parts of our state.
- o We expect that many jobs will need to be developed in our state because the private sector will be limited in its ability to absorb the many recipients that exceed two years on AFDC.

Didn't vote, w/comments

- o This state has not recovered from the past 4 years of economic downturns. Although we are working hard in a number of departments to encourage new industry and the growth of existing businesses, the economic status in our state in 1999 is difficult to discern.
- o We have no way of knowing.
- o We are in the process of analyzing caseload projections to determine how many jobs would have to be created in our state.

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- o If states do a good job up front, when families first enter our doors, not that many families will reach the 2 year limit with the exception of those with severe mental health problems. The problem is in rural areas of our state with few jobs and high unemployment. We could not create enough jobs in these areas.
- o We are not sure. It may involve very high administrative costs to create and maintain new jobs.
- o Data is currently being collected by county on public assistance participants and employment rates. Policies will have to be considered whether an individual will be required to move outside or a county to secure a job to meet the requirements.
- o It is difficult to ascertain at this time.

9) Should participants in a subsidized WORK program be eligible for the EITC ?

Yes -- 23

No -- 11

Didn't vote, w/comments --00

Didn't vote, w/o comments --00

Both Yes and No --00

Yes

- o Otherwise there is an equity issue. Philosophy of EITC is to lift people out of poverty and should apply to everyone
- o EITC is an important component in shifting from the welfare to work concept.
- o Use of the EITC would help the state maintain cost effectiveness for the program.
- o Yes, but only if it is a position that pays a wage (like work supplementation or JOBS plus) and not if it is a CWEP or other grant retention approach.
- o EITC is an important incentive to the working poor as they strive to achieve economic self-sufficiency.
- o This is crucial. We must allow people to combine welfare with work if the wages are not high enough to provide sufficient support to the family.
- o Including EITC as a benefit to participants will provide extra income to the client and help to motivate the client to participate.
- o If there is no partial grant they should get EITC. If a partial grant, then partial EITC.
- o Although the Administration believes that making participants in subsidized WORK assignments ineligible for the EITC would motivate them to move onto unsubsidized jobs, we recommend that work-for-wages participants be eligible for the EITC to be consistent with the Administration's goal of making WORK assignments mirror private sector jobs as closely as possible. One approach to consider to prevent participants from overstaying in WORK assignments would be to develop WORK assignments which are by nature part-time and time-limited.
- o EITC could be used as an incentive & would assist in transition of unsubsidized employment.

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o CONFIDENTIAL: Referenced particular state's waiver.

No

- o The EITC should remain as an incentive for people to find and hold unsubsidized jobs. At the most, some consideration should be given to providing participants access to minimal credits if that would increase the EITC's value as an incentive.
- o Regular unsubsidized employment must be more financially rewarding than community work.
- o EITC will provide the incentive to obtain unsubsidized employment.
- o To do so would eliminate the incentive to move to unsubsidized work.
- o Not unless adjustment could be made to other benefit programs, AFDC food stamps, SSI. Otherwise becomes another entitlement.

Didn't vote, w/comment

10) PART TIME EMPLOYMENT -- Should states have the option of continuing cash assistance to those who are working part time and still meet eligibility criteria?

Yes -- 31

No -- 02

Didn't vote, w/comment --01

Didn't vote, w/o comment --00

Yes

- o Employment does not mean self-sufficiency. Without assistance, we may simply be moving them into other types of programs.
- o Our response assumes that eligibility criteria would be based on income.
- o It is going to be extremely difficult to determine administrative guidelines for a program which mixes mandatory work requirements, regardless of grant amounts, with continuing part time employment which would affect the grant amount.
- o Yes, depending on what the work program is.
- o Individuals who are working part-time need the encouragement and cash assistance as much as someone who is not working. The intent would be to keep them employed and help them increase their earnings.
- o In a reduced amount and in special circumstances -- as with the other exceptions, it should be a small number of individuals (10%.)
- o This should still be transitional and not an entitlement.
- o In many cases, part-time work will lead to full time opportunities
- o Provided states continue to have flexibility in the application of eligibility criteria.

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- o We can not believe t his is even a question! We must support gainful, unsubsidized employment. Some people can only work part-time and in some rural communities part-time work is all that exists. We must not put community work before regular employment.
- o Again, we believe that for two-parent AFDC-UP families the primary wage earner should be required to work at least 20 hrs./wk. once the time limit has expired.
- o Provides incentive for those who can only participate part time.
- o An attachment to the labor force, whether part-time or full-time is beneficial. A part-time job may lead to full-time employment during employer expansion. Many states have received approval for eliminating the 100 hour rule and attendance attachment to the labor force as a condition of AFDC benefit eligibility. This waiver approval encourages work even if wages are insufficient to achieve self-sufficiency.
- o The two-year time limit establishes a work requirement, and hopefully will define part-time work at 20 hours a week. For people who are working it is the amount of income which should determine continued eligibility for cash assistance rather than hours of work or time on.
- o States should be able to provide cash assistance to individuals who are employed part time and still meet eligibility criteria. However, there should be limits to the time this will be allowed.
- o This could be the only way to make the overall program workable. Otherwise these families would end up on general assistance.
- o So long as the part time work hours equal or exceed the hours required in the WORK Program.
- o Part time employment should be encouraged and not discouraged by requiring part time workers to leave the labor force And participate in the "WORK" program.
- o Again, the equity and minimum wage issues make it virtually impossible not to allow this option.
- o If the participant pursued a secondary activity in conjunction with the part-time employment which would eventually lead to full-time employment.

No

- o After two years, there should be no cash assistance. Part-time or minimum level employment should not stop the clock.
- o Research shows this might have the perverse effect of having people quit full time jobs to get a combination of earnings and welfare that is worth more. Would be acceptable only if tied to requirement to accept any bonafide full time job.

Didn't vote. w/comment

- o If we have the flexibility in the WORK program and the minimum numbers of hours is low, we have a better chance (repeat comment.)
- o States should have the flexibility of continuing cash assistance to those who are working without regards to the number of hours worked to provide an incentive for work.

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11) What should the minimum level of employment be set at for those eligible to receive cash assistance?

- 1 No minimum -- 05**
- 2 20 hours --03**
- 3 30 hours --03**
- 4 state option, w/min. of 20 hours -- 18**
 - W/comments: 06**
 - W/out comments: 12**
- No vote, w/comments -- 04**
- No vote, w/o comments--00**
- Combination of 2 & 3 -- 01**

No minimum

- o State option to set
- o Cash assistance should be available to families that still meet the eligibility criteria.
- o This would reinforce the idea that part-time work would always be more profitable than not working.
- o There should be either financial or reporting incentives available to states that set limits at 30 hours per week, or all those working 30 or more hours per week should count greater toward meeting participation rate requirements. However, as stated above, at minimum wage, many participants will not be able to work 20 hours a week in the WORK program.

20 hours

- o in subsidized employment for single parents of a child younger than one, 15 hours unsubsidized employment.
- o JOBS services as well as other supportive services should be available to persons who are employed at least 20 hours per week.
- o If there can be exemptions for people who have good cause. I think everyone supports work as part of the program. However, there should be sufficient exceptions in cases where the participant is incapable or the labor market is tight.

30 hours

- o 40 hours marked in subsidized employment for all other parents; 30 hours in unsubsidized employment.
- o Allowances will have to be made in some circumstances regarding people with disabilities and those caring for children with disabilities.

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State option, w/min. of 20 hours

- o States need flexibility in this area as well.
- o If no minimum is set, the legislature may establish a hour per month minimum. This will require that JOBS and eligibility staff spend an inordinate amount of time on monitoring client activities with little benefit to the client in eventual employment.
- o By establishing a minimum number of hours for those employed, the state could require someone working only a few hours each week to participate in the other activities with the objective of finding another job or increasing their hours.
- o Except as above, full time employment should be the expectation.
- o As long as functioning at highest level in work environment.
- o Must be tied to requirement to accept any bonafide offer of a full time job.

Voted, w/ additional comments

- o We believe work requirement should be greater for primary wage earners in AFDC-UP families and single parents with no child younger than 13 years old; we also believe that work requirement in subsidized employment should be greater than hours required in unsubsidized employment to make unsubsidized employment more attractive than subsidized employment.

Didn't vote, w/comments

- o After two years there should be no cash assistance. Part-time or minimum level employment should not stop the clock.
- o Because employer practices could commonly involve 15 or 17.5 hours, preference is a state option appropriate to its economic conditions and employment practices. If the federal government must set a limit, then state option with a minimum of 20 hours.

12) FUNDING Would you be willing to accept a state maintenance of effort for the current AFDC program (including JOBS spending) as part of the welfare reform financing package?

Yes -- 11

No -- 17

Didn't vote, w/comment --04

Didn't vote, w/o comment --02

Yes

- o State budget neutrality is acceptable for maintenance of effort assuming increased program costs are federally-financed. However, maintenance of effort should be based on a per case-bases, not total funding
- o Yes, contingent upon distributing the money through a block grant formula.
- o Yes, but only if: It is recommended that the federal financial participation above the state maintenance of effort level be the enhanced match rate of 90% federal and 10% state.

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- o Probably, but we would want most additional costs to be federally funded, including child care. We have a tax and spending limitation in the state. If the economy were to deteriorate, we would prefer to have some flexibility. If revenues decreased and the caseload increased drastically, we would be faced with cutting education, early childhood programs, public health and other important programs.
- o Depending on how it is set.
- o But the maintenance of effort should jointly apply to JOBS since the administration is not increasing the federal match for AFDC benefits and the caseload should decrease if the JOBS program is successful. In any case the maintenance of effort should not apply to AFDC Emergency Assistance.

No

- o Need more information
- o States need to be given incentives to reduce overall spending on welfare programs. MOE requirements do not consider the impact on programs of federal mandates.
- o State is already facing budget cuts that make the maintenance of effort issue a serious concern.
- o Not an expanded maintenance of effort.
- o This state is currently contribution state general funds above the federal JOBS cap and should not be expected to continue that. However, as these policies pay off, the feds would be recouping their higher initial investment as well as their reduced maintenance costs.
- o As long as this would not be a block grant.
- o Our caseload in AFDC is almost as high as it had ever been; if the economy were to improve and caseloads then decreased, we would want to be able to spend less than we do today. We are willing to accept a maintenance of effort requirement for JOBS spending.
- o Establishing a maintenance of effort provision for the current AFDC program would eliminate the flexibility for states to utilize options for services.
- o We are currently over matched at \$8.5 m to \$5 m in federal aid: Pure maintenance of effort would be unfair. Should be set at national average MOE (e.g. 50% of match required to draw capped entitlement, or whatever states have done.)
- o If "state maintenance" means commitment to a given year spending level, this could result in the inability to lower expenditures even if the AFDC caseload dropped. If "state maintenance" meant that commitment to a given grant level, this could handicap direction in running the AFDC program. For fiscal programmatic and political reasons this would be unacceptable. Finally, there is concern that "state maintenance" could actually increase the state's share of match if the federal government lowered its share portion to redirect funds elsewhere.
- o If, however, this would represent a state MAXIMUM required match, YES, otherwise, NO.
- o We would like flexibility to ensure that our state's spending is not locked in a level which is unreasonably higher than other states'.

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Didn't vote w/comment

o Our response to this question would depend on how the maintenance of effort was proposed and its long-term impact on the state. However, maintenance may be counterproductive in that it punishes those states that run successful programs and reduce AFDC numbers.

o It depends on how the maintenance is defined.

o More information is needed as to the definition of maintenance of effort as it applies to this issue.

o State is not able to fully utilize JOBS dollars currently 1995 would be a more realistic targeted year for maintenance of effort.

14) SYSTEMS -- The proposal appears to provide states with up to two years after enactment for initial implementation. Is this sufficient?

Yes -- 23

No -- 07

Didn't vote, w/comments --04

Didn't vote, w/o comments -- 00

Yes

o Yes, with additional funding

o Yes, given adequate funding and flexibility for implementing. This state could bring the program up in that time.

o It would be fair to allow states to apply for extensions if there was a serious need.

o Ideally, system development for national reporting purposes should follow after initial implementation. Implementing a program and a system simultaneously results in heavy manual burdens and constant revision. States are still having difficulty with JOBS systems.

o Yes, given that sufficient state and local funding is sufficient to implement state and local funding is not sufficient to implement the program within two years, states should not be held accountable for lack of funding.

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- o If there is sufficient funds and the clock does not start until the client enters the program it should be OK.
- o This should be adequate, provided systems coordination is included.
- o Our state is hoping to implement a welfare reform plan in the immediate future; federal waiver pending.
- o States should have the option to begin sooner than two years with the same commitment of federal resources as states who begin in two years.
- o Provided that adequate funding and technical support to all levels (state, local welfare agencies, JOBS providers, employers) are available to build capacity to implement systems overhaul; such as re-training of staff, computer re-programming, re-tooling of policy/program operations, building of new interstate systems, fraud prevention and other protocols, etc.
- o Enhanced match for systems overhaul and revision would be essential because our state would need to redo its entire FAMES system.
- o Our state is currently building into its on-line system proposed welfare reform changes.

No

- o In light of existing federally-mandated system activities and initiatives, we do not believe it is feasible for an entire new system capable of interfacing nationwide to be completed using existing state resources.
- o It usually takes much longer than that time period for federal regulations to come out. The Family Support Act of 1988 regulations for JOBS were not published until October 1989. That was a rather simple change compared to the proposals being discussed and even after the 1 1/2 year delay getting federal regulations, it took 4 years to get the program operational.
- o It should only be 2 years from promulgation of approved federal regulations.
- o Experience has shown we need three years ADP development. Data system development cannot proceed until state policies have been developed.
- o The implementation time would depend on a requirement for the establishment of a national database to track the information. The level of federal financial participation would also have an impact on the state's ability to provide funding. The amount of state funds needed would be less if an enhanced funding rate was provided by the federal government. Since state and local capacities for reform vary widely, flexibility in design and implementation would be preferred.
- o After final regulation, will need one year of planning, system changes, and getting state law changes, and two years for implementation phase-in.
- o We need promulgated regulations to have the detail and decisions necessary to make automated system changes; suggest two years after promulgation of implementing regulations.

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Didn't vote, w/comments

- o Maybe. It depends on which components are implemented.
- o Depends on "other" requirements (info systems reports, etc.) and availability of funding. With minimal requirements, yes.
- o At a minimum, the implementation lead-in should allow biennial legislatures sufficient time to meet. In addition, state should not be required to implement in the absence of final regulations unless they are held harmless for any differences between actual implementation and final regulations.

15) CHILD CARE -- Would states be willing to accept a requirement that they extend registration and state determined health, safety and provider training requirements to all day care providers. This would include providers that are exempt from state regulatory standards, such as baby sitters and small in-home care givers?

Yes -- 10

No -- 22

Didn't vote, w/comments --02

Didn't vote, w/o comments --00

Yes

- o Currently in existence in this state.
- o This state would accept registration of all day care providers. However, the licensing of day care providers should be left to the states.
- o I believe the executive branch would support this for all child care except for casual babysitting not related to ongoing employment of parents. However, our General Assembly (legislative branch) might balk at this expansion of state regulatory effort directed toward child care.
- o Yes, but only if: Support for extending broader regulatory requirements for all providers should be contingent upon state flexibility in determining applicable standards and a commitment of federal funding for provider recruitment and development.
- o We would want states to be allowed to define extended requirements.
- o This provision will be supported if enhanced match for all child care was made available. This will require our state to possibly institute a training and monitoring component for its "approved home" category of care which currently has a pre-inspection prior to payment authorization.
- o Our state currently requires the registration of all child care providers participating in state funded programs

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No

- o States should be given maximum flexibility in this area.
- o Informal day care should be encouraged, not discouraged where appropriate.
- o This state believes strongly in parental choice. Our residents are adamant about not having regulatory intervention in their selection of child care providers. In addition, the state is currently unable to provide quick service to potential child care providers who do want to be regulated.
- o States should continue to have flexibility in the regulation of child care providers.
- o No. Considering that welfare reform will require the development of considerably more day care slots, it would be counterproductive to make becoming a home care provider more difficult.
- o Currently require health standards, however, registration (licensing) is not available to all areas of our state. Imposing this requirement could mean only urban day care facilities would meet requirements, all rural providers would fail the requirement.
- o Should not be a requirement but federal government should provide incentive funding to improve quality without regulating the informal child care to death.
- o This would take significant funding increases, since most clients continue to use private family providers rather than centers. Health and safety training for those numbers would be expensive.
- o Some exceptions are needed. Examples: relative providers should have an option. In addition, increased imposed standards may cause the lack of available day care providers who are now providing healthy, safe environments without the hassle of state regulations.
- o Could not support including in-home care givers.
- o We would want to provide technical assistance to help babysitters and relatives provide quality child care, but we would not want to jeopardize access to enough slots by forcing them to be regulated.
- o State regulatory standards should apply; states, not the federal government should determine state's regulatory program.
- o Exempt providers are free of all regulations. Unless the federal government is paying for all training, all licensing activities -- this would not be acceptable.
- o Our state already requires all providers to submit a self-certification verifying compliance with all health and safety standards. If can't and criminal background checks were included in the criteria, additional funds would be required.
- o Provider training should be emphasized to improve quality of care. A range of training should be promoted including in-home videos, teleconferences, and CDAs. "Babysitters" and "small-in-home care givers" would have to be defined.
- o Cost of regulating these currently informal arrangements would be very high.
- o When it is determined necessary to the health and safety of children, the State legislature will require state regulatory standard for all care givers.

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Didn't vote, w/comments

- o Unsure. Concerned about availability of providers, particularly in rural areas.
- o Our state can currently impose standards on non-regulated public funded providers as long as they are consistent with the health and safety standards established for the Child Care and Development block Grant. To ensure compliance, states would need the resources necessary to inspect and license informal child care arrangements such as relative care, babysitting and other family supports. The state would consider requiring licensing of public funded family care homes.

16) TWO PARENT FAMILIES -- Do you favor giving states the option of expanding eligibility to many more two parent families by eliminating some work requirements?

Yes -- 25
No -- 07
Didn't vote -- 02

**If yes, what benefits should be included?
transitional assistance and WORK?**

Yes -- 23
No --00
No vote --11

Cash supplements to working poor families whose income is below state benefit levels?

Yes -- 25
No -- 01
No vote --08

Combination answers

No -

- o Expansion of AFDC eligibility is always unwise, even if somewhat offset by the creation of new work incentives.
- o An artificial program requirement such as UP quarters is not realistic. Eligibility for welfare should be based on economic need, but both parents should participate in education, training, or a work opportunity.
- o EITC should be applied to assist the working poor families.
- o Current qualifications for our state are adequate. But the 100 hour rule could be eliminated.

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Yes, Yes, Yes

- o With additional funding
- o Any welfare reform initiatives need to encourage marriage and include provisions that will strengthen families.
- o Yes. This state favors easing marriage penalties and supporting two-parent families. We believe the structure of benefit programs should support values held by the wider society.
- o Expansion of the program will mean increased costs but it will also mean service to a population that is often neglected under assistance programs.
- o Only if federal match is available.
- o Fine, as long as these are options. More important would be the option for all states to limit the two parent program to six months per year.
- o Major focus should be placed on working with intact families.
- o Questions are unclear. If by this you mean eliminating 100-hour rule and attachment to workforce requirements, our answer is yes.
- o Elimination of the work requirements of the unemployed parent program are positive changes. Expansion of the EITC is also an incentive for unemployed persons as well as the working poor. Additional transitional medical and child care benefits beyond one year is also recommended.
- o The distinction between single parent and two parent families is arbitrary. The current rules promote the separation of families.
- o Current state policy under the Family Transition Program demonstration provides for elimination of the 100 hour rule, quarters of work for initial eligibility and extension of assistance when the self-sufficiency plan cannot be completed within the 6 month time limit.
- o Eliminate 100 hour and close connection rules as we do in our state's waiver.
- o These were recommendations of both the Governor's Commission on Welfare Policy and in the Governor's Welfare Reform Proposal.
- o Our state currently provides assistance to such families with state only funds and would benefit greatly from additional federal funding for this group of recipients. In addition, if eligibility is extended to such families, the cumbersome "100 hour rule" must be eliminated. This would simplify program administration and discrimination against certain two-parent families.

Yes, no vote, no vote

- o States should have maximum flexibility in determining what benefits to include.

No vote, no vote, yes

- o Do you mean by this (work requirements in first question) the 100 hour rule? And the 6 out 1? Work quarters/labor force attachment requirement. Need to know more about what you mean. In general, we do not favor eliminating work requirements for AFDC-UP families.

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17) WAIVER AUTHORITY -- The proposal appears to increase the options available to states. Are there any major elements of current large scale demonstrations that do not appear to be included in the Administration's proposal that states will want the flexibility to continue on a demonstration basis?

Yes -- 23

No -- 06

Didn't vote, w/comment --02

Didn't vote, w/o comment --03

Yes

- o CONFIDENTIAL: Referenced individual state's waiver.
- o We recommend that states be allowed to use the State Plan process to determine the welfare program that they think will be the most beneficial in addressing the needs of customers in their state.
- o States should be given increased flexibility to design programs without HSS approval. An example of an initiative not included in the Clinton list is Pay-per-performance which links the receipt of welfare benefits to the proportion of hours participated in JOBS, much like wage employment.
- o This is difficult to answer without seeing the proposal. This state favors all flexibility which can be given to states in developing programs.
- o Other areas of interest might be required school attendance or screening for young children at public health centers. The possibility of trying new approaches to social service should not be abandoned.
- o Cash out, simplification and coordination of ADC and Food Stamp benefits.
- o Current 115 demonstration process is fatally flawed. Wide waiver authority is needed for states, authority that may be granted statewide, without current expensive and administratively burdensome evaluation requirements.
- o State should be provided maximum flexibility.
- o An incentive payment to cover costs after receipt of last AFDC check and prior to receipt of first pay check -- allow for a penalty for voluntarily quitting a job -- allow teenage members of households to own an auto (not to exceed \$2,500 market value) and savings (not to exceed \$1000)
- o We would like the flexibility to continue our demonstration program that cashes out food stamps and imposed an immunization requirement.

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- o Designs that enable states to continue cash assistance as long as the family's income remains below an established level of poverty.
- o Our state currently includes in its welfare reform demonstration bootstrap training for individuals who have lost eligibility due to employment related reasons. Transitional child care has been extended for an additional 12 months and has increased the disregard for earned income and the asset limit. Unemployed and under-employed non-custodial parents are able to participate in the JOBS program.
- o Our current waiver proposal for work immersion for persons waiting for entry should be recognized as JOBS prep.
- o The development of a partnership between the private business sector and government to stimulate economic development to grow new jobs; grant diversion to employers for up to two years.
- o The proposal hints at but does not mention requiring early and periodic screening, diagnosis and treatment for children under 6 and school attendance for those over 6 as we are doing in our Primary Prevention Initiative.

No

- o The proposal appears to be comprehensive and includes all major concepts.
- o As many of those three year demonstration projects are in the early stages, this answer may change as new data is gathered.
- o The WORK program is overly prescriptive. States should have the flexibility to operate other WORK-type programs.

Didn't vote, w/comment

- o Consider giving states greater flexibility in implementing demonstration/proposals through State Plan amendments, as opposed to the 115 waiver process.
- o Transitional health and child care benefits.

18) Should the act continue to include authority for ongoing demonstration and experimentation?

Yes -- 31

No --01

Didn't vote, w/o comments -- 02

Didn't vote, w/comments --00

Yes

- o There should be federal/state partnerships in which both partners not only share the benefit but also the risks and costs. For example, current federal cost neutrality requirements discourage experimentation.
- o This is difficult to answer without seeing the proposal. This state favors all flexibility which can be given to states in developing programs.
- o Yes. Innovation should always be possible and encouraged.
- o Other areas of interest might be required school attendance or screening for young children at public health centers. The possibility of trying new approaches to social service should not be abandoned.
- o Cost neutrality is too limiting.
- o Absolutely, Until a perfect "one-size fits all" system is found, all states will benefit from experiments.
- o The states should have the option of continuing all or part of their ongoing demonstrations. In addition, the states should have the opportunity to tailor specific initiatives to their individual needs.
- o The final package should include authority to continue to grant waivers for state-based reform efforts.
- o Absolutely necessary in our view from both a state-specific and a national perspective.
- o Several states already have waivers for demonstration projects that should be allowed to continue. Our state has recently passed legislation which will require waivers to test various welfare reform concepts that are included in the current administration's welfare reform proposal. Flexibility of the evaluation and cost-neutrality requirements would provide states with an increased opportunity to test various welfare reform concepts.
- o The waiver process should be revised and simplified. Requirements for cost neutrality and evaluations should be revised.
- o There is always a need to try new approaches.
- o The Act should also provide for federal funding of state-based experiments and/or no, or reduced, cost neutrality. It should also provide for "administrative" waivers, as is done in the Food Stamp Program. These allow the state to experiment without the need for a costly evaluation or to have cost neutrality.

PAGE THIRTY FIVE

- o Continuing to test approaches would ensure that policies and programs are current and effective. However, in the spirit of reinventing government, we recommend that the federal waiver process be redesigned, i.e. keep it simple, consider alternative conditions. In some instances, the 2 conditions (cost-neutrality and rigorous evaluation) tend to discourage quality improvement initiatives.
- o Otherwise we will never get it right.
- o The Federal and State governments can benefit from both successful and unsuccessful demonstrations and experiments. Those that prove to be successful can be incorporated into the program or at the least offered as an option.
- o States need to maintain continued authority for demonstration purposes as the stated "flexibility" has not been defined.

No

- o Lack of uniformity across state lines is producing programs with less in common as time goes by. If not curbed, these programs will soon be fundamentally different in each state producing accountability, outcomes and comparisons of little meaning. Many differences and thereby outcomes may relate directly to a state's wealth and investment.

Didn't vote. w/comment

19) Are there any items not discussed above that have been included in prior discussion documents that are unacceptable to your state?

Comment -- 18

No comment -- 16

Comment

- o State is concerned about federal mandate to require teen parents to remain in their parental home. Should be a state option. There needs to be flexibility for states to expand income deductions and resource limits.
- o No
- o No
- o None
- o See attached letter to Mary Jo Bane
- o We would like to see waivers to basic programs without evaluations.
- o Whatever is implemented must avoid cost shifts to states.
- o More careful consideration of IV-F/IV-A interface issues. Funding for MIS improvement and time to develop quality management reporting.
- o Unfortunately, like the current JOBS program, this proposal still seems preoccupied with "process" and input measures rather than ;outcomes. Better we get 50% participation and place 10,000 people in unsubsidized employment than we get 95% participation and only place 1,000.

PAGE THIRTY SIX

- o No, as long as state options are a possibility.
- o We do not believe that FOP should be reduced for AFDC payments made after a family's time limit has expired until we have learned the results of the many demonstration projects that are just getting under way; is reducing benefits a prudent and humane social policy.
- o None that we are aware of. We have many questions about the conditions and the level of federal funding for JOBS and WORK. We also have questions about Indian tribes and natives, and what, if any, JOBS, JOBS-prep, and WORK activities will be administered by tribal organizations.
- o The requirement to have teen parents live at home should have an allowance for reasonable exceptions. Too many teen parents have been sexually abused at home; the requirement for legal paternity establishment should also have some reasonable exception clause. Paternity establishment may take a long time; A general family cap requirement that does not take into account need standards is troublesome. Our average AFDC family has fewer than two children.
- o Sanctions for the entire family; counting the income of non-relatives in budgeting teen parents; labor department approval of JOBS plans without a requirement for that Department to commit resources to achieve them.
- o The lack of sufficient Federal funding to meet the mandate without additional state funding.
- o The time limits on the JOBS Program will require an even greater investment in staffing. Federal funding must be available to assist state in this investment.
- o 1. Jobs Sanctions - States should have flexibility to impose sanctions greater than those in current law. Our state believes current JOBS sanction are not effective.
- o 2. Exemptions from time limit: States should have greater flexibility to close "stop the clock" loopholes, and/or put limits on length of time recipient can spend on post-secondary education.
- o 3. How recipient "earns back" months on the clock needs specification four months off for one on is acceptable.
- o We disagree that states should pay 100% of the cost of AFDC cases where the mother has cooperated but paternity has not been established. The executive branch does not wholly control paternity establishment yet the proposal holds the executive branch accountable.
- o Much of the survey questions relate to JOBS Prep and WORK proposals. We are preparing comments regarding other elements of the proposal in prior documents such as: revamping JOBS program, child enforcement, AFDC rules, focus on outcomes rather than participation levels, etc.
- o States should not be required to place recipients in community work experiences to work off AFDC grants after two years unless federal resources are guaranteed to find a sufficient number of full-time subsidized jobs which are designed to foster self-sufficiency.

PAGE THIRTY SEVEN

20) Are there any items that your state believes must be added to the plan to make it acceptable to you?

Comment -- 21

No comment -- 13

Comment

- o General comment -- plan focuses solely on income and finding a job and gives the appearance that everyone starts with a similar or equal level of ability and skills and education. This is not true. Additionally, many of the families have other nonfinancial needs. Failure to address those will not ensure any ability to help break the cycle of dependency for these families. Family problems can affect an individual's ability to find and retain a job.
- o More flexibility for states; better incentives for recipients to "get off welfare"; time limitation for benefits.
- o The current child care allowances of \$175 or \$200 are inadequate for current needs. States should be permitted the flexibility to raise the payment level to current market rates.
- o This state does not support the concept of time limited benefits. It destroys an already fragile safety net and produces more dependency and cost shifts social problems to already over taxed local service providers. This state promotes benefit cash outs and wage supplementation.
- o Teen parent requirements should be maintained - we must keep them progressing in school; Sufficient funding must be available, especially for support services and transitional services or we will have substantial recidivism.
- o Following a 12-month Medicaid eligible transitional period, considerations should be given to the development of a sliding fee scale co-payment for medical coverage for those former AFDC recipients who are employed but uninsured.
- o Support expanded sanction; recommend process/agreement between client and state; working with entire family including at-risk children; streamline eligibility process including changes in eligibility, criteria, e.g. resource limits, vehicle cap, etc.
- o The states need assurance that penalties will not be applied to the states for non-compliance unless there is a guarantee of adequate resources and an increased federal match for staff, training, JOBS activities, child care, etc...
- o 1. Substituting the Food Stamp Vehicle Rule for the AFDC vehicle rule does not go far enough.
- 2. Need flexibility to spend some JOBS funding on unemployed or part-time employed NONCUSTODIAL parents.
- 3. Need flexibility to develop, test, and evaluate new methods of parentage determination, establishment of the child support obligation, and enforcement .

PAGE THIRTY EIGHT

4. (Recommended but not absolutely a must) Child support payments actually being made should be deducted from gross income in determining whether AFS household passes the 130 percent of the federal poverty guideline gross income test. Without doing this the child support income is counted twice if both households apply for Food Stamps - it is counted for the household that pays the child supports and the household that receives the child support. We believe this unfairly discriminates against the child-support-paying NONCUSTODIAL parent who is of limited means once his or her child support obligation is paid.

- o Streamlining and coordination of AFDC and Food Stamp policy; Expansion of child care and health care options for the working poor; Improvement and simplification of paternity establishment and child support collections including interstate collections.

- o We support the strong child support enforcement provisions that we understand are included in the plan.

- o Discussion of administrative capacity is essential. The plan is acceptable but would be strengthened by adding integration expectations, specifically the role of DOL at the federal level.

- o None

- o Current UP participation requirements are not able to be met without additional funding.

- o Welfare reform needs to be part of the broader discussion of workforce development. Isolation of welfare reform from school-to-work and work-to-work systems duplication. While states continue fragmentation and systems duplication. While states are the appropriate vehicle for program coordination, much is lost when federal legislation fails to design for coordination and a systems approach.

- o Increased match to state for administration, child care, and JOBS/WORK.

Liberalizing standards for match of nonprofit, foundation, school and pre-K programs. Maintaining the entitlements for working clients on AFDC and those who have left AFDC (TCC), and expanding the ARCC for non-AFDC parents by the estimated \$5.0 billion proposed for the non-welfare working poor is central to welfare reform.

- o 1. To assist states in administering the WORK Program, federal law should mandate to all federal agency work slots down to the local community level to provide slots to the WORK Program.

- 2. The multiple match rates in the JOBS Program are very burdensome to States.

- o 1. Realistic funding levels especially for child care.

- 2. Guarantees that if states maintain current funding levels they will not become liable for added expenditures. Areas of proposal, e.g. performance measures and "WORK" imply that states may have to pay more than now. This cannot become an "unfunded mandate" on the States.

- o The administration of the earned income credit, including authority for states to advance it, should be addressed.

PAGE THIRTY NINE

o 1. It is absolutely essential that income disregards be simplified and wherever possible aligned with other assistance programs such as food stamps.

2. The current requirement to correct every overpayment and every underpayment is equivalent to the monthly reporting (MR) requirements which were made optional. States must be given administrative time to react to changes in client income as is the rule in the food stamp program. AFDC should be aligned with food stamps in this area. Overpayment rules are just as cumbersome and cost ineffective as the MR system.

o In order for Transitional Assistance, JOBS & JOBS Prep to be feasible, it will be absolutely necessary to provide funding for extensive child care & other support services. It will also be critical to include an extension of current transitional services.

DRAFT

WR-STATES

May 19, 1994

BOTTOM-LINE ISSUES AND SUGGESTED RESPONSES

1. **ISSUE: Financing** -- Before any final plan is introduced, Democratic Governors must be assured that whatever options are chosen do not include cost shifts to states.

RESPONSE:

- o The Administration's plan will not contain unfunded mandates, in keeping with the Executive Order on unfunded mandates signed by the President last year.
 - o The Administration is sensitive to the other cost-shift concerns of states and localities, and is committed to a financing plan as practicable as possible for state and local governments.
 - o The Administration is reviewing the current status of Emergency Assistance and immigrant deeming proposals in the financing package.
 - o However, there are difficult choices that must be made, and states understand that there are few financing options available to the Administration under current budget constraints.
2. **ISSUE: State Contribution** -- Democratic Governors must be assured that the program will not require significant new state dollars, and that the funding which states currently are spending could be counted towards the new state match.

RESPONSE:

- o The Administration's plan includes match rate changes advantageous to states, while allowing states to retain savings from administrative cost and caseload reductions. Match rate changes include:
 - o an increase in Child Support Enforcement regular services and administration match from 66% to 75%; priority services remain at 90%;
 - o a JOBS/WORK match of JOBS FMAP plus 5-10% (65-70% floor); inclusion of a national unemployment trigger to increase the cap, and state-level unemployment trigger to increase FFP; states can submit claims over their allocation to be reimbursed from unspent funds under the Federal cap; inclusion of performance incentives;
 - o similar increases and incentives for current and new child care dollars; and

DRAFT

BOTTOM-LINE ISSUES, PAGE 2

- o maintenance of FMAP for **benefits**, including WORK wages.
 - o Our cost estimates reflect our desire to avoid having states contribute more than 20% of total new program expenditures.
3. **ISSUE: Child Support Enforcement** -- Democratic Governors request exclusion of the Child Support Enforcement provision which would require that states be fully responsible for the cost of benefits paid to mothers who have cooperated fully but for whom paternity has not been established after one year.

RESPONSE:

- o This provision, while holding states accountable for benefit costs under some circumstances, includes **elements that allow for state flexibility and reduce financial risk to states**. These include:
 - o limiting the provision only to **new children** born 10 months after program enactment;
 - o establishing a **tolerance level** for these performance standards;
 - o **implementing a streamlined administrative process** to help ensure that paternity establishment and child support awards are not delayed; and
 - o **implementing very generous reimbursement provisions** for states.
4. **Time Limiting the WORK Program** -- Democratic Governors would like inclusion of a state option to impose a time limit on participation in the WORK program with certain recognized exceptions and with the flexibility to allow individuals to return to the WORK program if needed.
- o This option remains under discussion.
5. **WORK Before the Time Limit** -- Democratic Governors would like inclusion of a provision which would give the states the option to require participation in the WORK program prior to a two-year transition period.
- o Our program will retain the states' ability under the JOBS program to require eligible recipients to participate in on-the-job training, work supplementation, or CWEP before the two year limit.

DRAFT

BOTTOM-LINE ISSUES, PAGE 3

- o Where appropriate, states will be given the flexibility to transfer up to 10% of funds between JOBS and WORK.
6. **ISSUE: Job Creation** -- Democratic Governors would like inclusion of economic development tools for states in order to create jobs.
- o States will be given **maximum flexibility** to use JOBS/WORK money (\$4200 per slot) to fund job creation and design and implement programs best suited to their state.
 - o In addition, **other Clinton Administration initiatives** will provide needed funding and administrative support for economic development in needy areas. These include Empowerment Zone and Enterprise Community grants, Reemployment Act programs, School-to-Work transition funds, and further development of existing housing and social service programs.
7. **Family Cap** -- Democratic Governors would like to maintain the option to implement a family cap, which would limit additional incremental AFDC benefits for children conceived on welfare.
- o This option is currently under discussion.
8. **Interagency Coordination** -- Democratic Governors request the inclusion of statutory language which would require the Department of Labor to collaborate with the Department of Health and Human Services on the use of DOL resources.
- o **Legislative language is being drafted** to address this concern.

May 13, 1994

Copy for
Carmer

WR-States

MEMORANDUM

TO: Governor Carper
Governor Engler
FROM: Barry Van Lare
RE: Welfare Reform Next Steps

This memorandum summarizes my understanding of the status of our welfare reform activities and suggests some next steps that you may wish to pursue as this stage of the process nears an end.

As you know, over the past year the states, working through the NGA have been consulting with the President's Working Group on Welfare Reform. The Working Group is nearing completion of its work and the President is expected to announce his legislative proposals within the month.

The President's proposals appear to be substantially responsive to the principles adopted by the Governors in Tulsa (see Attachment 1 for short summary) and to the concerns expressed by the states. As a result, the Administration is likely to turn to the NGA for support of the major program and reform principles included in his legislation and for support for an early Congressional markup based on that legislation.

While there are numerous other reform proposals that also incorporate some of the principles supported by NGA policy, it appears very unlikely that Congress will act unless the Governors and the Administration are in general agreement on the structure of reform. Therefore it is important to determine quickly whether the NGA will be able to respond positively to the Administration's request for broad support if at all possible and, if so, the nature of that response. Toward that objective, I would suggest the following:

- An early conference call between the two of you to review the status of the Administration's proposal and to determine whether you are comfortable with support of the principles, and what additional changes, if any, would be needed before such support.
- Individual calls from you to the other Governors on the Welfare Leadership Team to determine if they are comfortable with the strategy agreed upon in the conference call.
- Follow up with the Administration on any remaining issues that would be critical to endorsement.
- Preparation and review of a preliminary draft statement for use upon release of the Administration's proposal.

Assuming that the final legislation tracks our latest discussions with the Administration, the broad principles in the President's that appear compatible with NGA policy include:

- Welfare as a transition to self-sufficiency
- Special programs for those not yet ready for employment or training
- Time limited cash assistance, including education and training to help prepare for work
- Long term assistance based on work
- Improved child care and Earned Income Tax Credits for low income working families
- Enhanced interstate child support enforcement
- Expanded programs to encourage family stability and limit teen pregnancy
- Increased state flexibility in program design
- Improved coordination between AFDC and Food Stamps
- Enhanced federal financing, including lower matching rates

It is our further understanding that the Administration's proposal will address the following state concerns highlighted during the discussions with the President's Working Group.

- Option to defer a limited percent of additional recipients from the time limited program and to extend the time limit for a limited number of individuals to complete education or training programs
- Assurance that participants in the transitional program and WORK can be required to search for and accept work at any point
- Option, as in current JOBS program, to require participation in grant diversion or CWEP positions during the time limited program
- Option to include subsidized public and private jobs and community work experience as components of the WORK program
- No time limit on full federal reimbursement for recipients in WORK
- Clearer requirements for federal agencies to coordinate their education and training programs and flexibility for Governors in developing state coordination mechanisms
- Option for the states to continue cash assistance beyond the two year limit to recipients who are working at least 20 hours per week in unsubsidized jobs
- Authority for the advanced payment of the EITC
- Option to extend assistance to two parent families
- Continuation of 1115 waiver authority
- Recognition of that final implementation dates will need to reflect realistic lead time for systems development and state legislative action
- Recognition that performance targets must reflect achievable goals and provide exceptions for conditions such as high unemployment and natural disasters that we beyond the control of the states

Other issues that the Administration has yet to address include the following that were identified as concerns to a number of states. The legislation likely will still include:

- A mandate for changes in state law to improve in-state paternity and support enforcement
- The extension to AFDC, JOBS, and WORK day care the Child Care Development Block Grant requirement that family and informal force day care provider meet minimum state determined health and safety requirements, including training in health and safety issues
- No option for a state to place an absolute limit on the time that a recipient may remain in the overall program (transitional assistance plus WORK)
- No automatic extension of existing 1115 waivers (Administration argues that statutory changes would require a review and that changes might be financially advantageous to states)

In addition, while the Administration has provided general assurances that the level of funding will be sufficient to meet participation requirements and that neither the sources of federal funds nor financing and performance incentives will have an overall adverse impact on state finances, most states still believe that they need additional information to make certain that the overall financing of the bill is acceptable to the states. The Administration has scheduled a meeting with a representative group of state experts on Tuesday, May 17 to review these concerns. The outcome of that meeting will likely affect any comments that the NGA may wish to make on financing.

There are a number of additional issues that Governors expressed a concern about that do not appear to be "make or break" concerns. These include whether or not the EITC should or should not be available to those in subsidized jobs (the legislation would not make it available).

I will be in touch with your staff shortly to see if you are agreeable to an early conference call. As noted above, this call should focus on overall strategy and a determination as to how to proceed in regard to those issues that appear to be unresolved. If possible, it would be helpful for your staff and me to be included in that call.

Please let me know if you have questions or need additional information at this time.

**National Governors' Association
Summary of Major Welfare Reform Principles**

The Administration's proposal appears to incorporate the following principles endorsed by the Governors in policy adopted at their 1993 Annual Meeting.

Welfare as a Transition - "Welfare should be a transitional program that moves people from temporary assistance to self-sufficiency."

Time Limited Cash Assistance - "Assistance, in the form of cash grants, to families with children should be available for a time limited period...."

Assistance in Preparing for Work and Self-Sufficiency - During the time limited period "activities that are designed to make the transition from welfare to work take place. These activities should include education, training, and the support services necessary to help participants become self sufficient."

A Contract of Mutual Responsibility - "Welfare benefits should be based on a social contract that sets forth the responsibilities and obligations of both the recipients and government....Receipt of assistance during this period should be conditioned upon compliance with the social contract."

"States should be granted broad flexibility in defining the components of the social compact, including requirements to begin work before the maximum time is exhausted."

Assistance for Those Unable to Work - "The ongoing financial needs of children must be addressed in any time limited system."

"States should have the flexibility to extend assistance as needed, with full federal financial participation, for a limited period beyond the federal standard on a case-by-case basis in order to ensure that recipients complete education or job training programs, complete treatment for substance abuse or other physical or mental impairment, or resolve emergency situations such as homelessness."

Longer Term Assistance Based on Work - "Continued federal, state, county, and local assistance under the national program beyond the time limited period should depend on a requirement of work or work-related activities unless no job, community service work opportunity, or community service placement is available."

"The preferred means is through private, unsubsidized work in the business or nonprofit sectors. Other alternatives in order of priority, include unsubsidized public sector employment, subsidized jobs, grant diversion, working off the welfare grant, and volunteering in community service work."

“Community service opportunities should be developed and managed through the existing infrastructure at the federal, state, county, and local level.”

An Equitable Federal Role in Financing - “The national program should be financed to ensure full federal funding of any mandates and should not result in new costs or a shift of federal costs to states, counties, and localities.

“The federal government must recognize its responsibility to provide for the long-term needs of children and of persons who are physically or mentally disabled.”

“Efficiently managed programs require new technology and training. The federal government must maintain its level of investment in this necessary infrastructure in order to achieve welfare reform.”

Earned Income Tax - “The earned Income Tax Credit (EITC) should be expanded over time so that with food stamps, a family of four with a full-time, year round worker will be brought to the poverty line.”

“Administration of the EITC should be simplified, outreach and education to ensure full participation should be expanded, and worker choice regarding the frequency of payments should be preserved.”

Child Care - “The federal government should formulate a child care financial support policy that applies to all Americans.”

“In addition, the federal government should lift regulatory barriers and allow states the discretion to coordinate and combine child care assistance administratively into one program.”

State Flexibility - “Allow states additional flexibility in the design of cash assistance programs through modifications of state plans rather than waivers....Allow various evaluation measures to be used in lieu of control groups.”

Support for Two Parent Families and Working Families Below the Poverty Line - “Eliminate the 100-hour rule....extend eligibility to all families with children....expanding the earned income disregards.”

Child Support Enforcement - Detailed statement generally calling for an increased federal role and improved interstate enforcement activity.

Other Concerns Addressed in NGA Policy

- Better Coordination Between AFDC and Food Stamps
- Expanded Services to Prevent Dependency
- Expanded Services to Support Families that Work

WR - STATES

STATES ARE LEADING WAY IN REFORMING WELFARE

By Evan Bayh
Governor of Indiana

INDIANAPOLIS -- The national debate over welfare reform has taken an important turn. The question is no longer whether to answer President Clinton's call to "end welfare as we know it," but what specific steps to take. Democratic governors are providing some answers.

In statehouses across the country, Democratic governors have found strong bipartisan support for dramatically altering welfare. This bipartisan support reflects a growing consensus that public assistance brings with it obligations as well as benefits. The consensus reflects the Democratic principles stated by Franklin Delano Roosevelt nearly 60 years ago when our nation was faced with the challenges that gave rise to our current system of welfare.

In confronting those challenges, FDR stated, "That it is common sense to take a method and try it. If it fails, admit it frankly and try another. But above all, try something."

We have tried. We have, in some measure, failed. It is time to try something new.

The states have led the way in moving toward a new generation of public assistance programs that stress personal responsibility and work.

In Georgia, Gov. Zell Miller won approval last year of one of the most comprehensive welfare reform plans in the nation. The program has provisions to cut off assistance to able-bodied welfare recipients who turn down jobs and to limit benefits to recipients who have additional children after two years on welfare.

In Vermont, under Gov. Howard Dean's leadership, the state has gained federal approval of a program that includes participation in subsidized employment, allows more two-parent families to receive Aid to Families with Dependent Children and requires most minor parents to live in a supervised setting.

Wyoming, under the leadership of Gov. Mike Sullivan, requires able-bodied AFDC applicants and recipients to work or perform community service.

Gov. Barbara Roberts in Oregon and Gov. Roy Romer in Colorado also have initiated programs to move welfare recipients into jobs.

In New Jersey, former Gov. Jim Florio pushed through one of the first welfare reform programs, one designed to encourage two-parent families and make it easier for welfare mothers to get off public assistance.

In Indiana, I recently proposed a series of changes, including requiring each welfare recipient to sign a personal responsibility contract as a condition of receiving public benefits. The contract stipulates that the level of benefits set at the beginning will not change if a mother on welfare has additional children and that welfare benefits will be limited to two years for recipients with access to education and job training.

We also want to try a new system to give employers an incentive to hire welfare recipients and the recipients an incentive to work. Under this system, welfare payments will be given directly to employers as wage subsidies.

Welfare recipients will benefit because their paychecks will be larger than their welfare checks. Employers will benefit from having workers with health care, child care and full wages, at below normal cost.

BAYH-WELFARE: Page 2

I am confident that many of these state initiatives will be embraced in President Clinton's welfare plan. Likewise, the President's call for comprehensive health care reform, based upon universal coverage, is essential if welfare reform is to succeed. Universal health coverage will remove a barrier that has prevented countless welfare recipients from obtaining work.

With the encouragement that welfare reform and health care reform will offer, recipients of public benefits will find that welfare can be more than a dead-end street. It can be a road to self-sufficiency, a road I have watched many people in Indiana travel.

Lynette Farrell can tell one of those success stories. Lynette is a single mother who was on welfare for 10 years. Then one day, her caseworker told Lynette she was intelligent and could make a better life for herself.

Lynette pulled herself up by her bootstraps, got an education and then a job. Today, she works with me as a special assistant to the governor.

There are thousands of other stories like Lynette's. Last year, in our state alone, more than 4,000 welfare recipients got jobs after receiving education and training.

Those stories should strengthen our belief that the time to change welfare has come. As we debate the pace and method for change, we should keep in mind our common goals:

--We must change welfare to ensure that it is a temporary condition, not a way of life.

--We must change welfare to ensure that work is always more rewarding than public assistance.

--And we must change welfare to give all of those on it both the opportunity and the strong incentives to become self-sufficient.

Our efforts to reform the system, which has served us but not served us well these past 60 years, are crucial to the success of our democracy. For in a democracy, as FDR said, "there is no indispensable man." For those who benefit from us individually without helping us collectively to confront the educational, economic and environmental challenges of the 21st century tarnish the shine of democracy whose brilliance beckons the world.

=====

Evan Bayh, serving his second term as governor of Indiana, is the 1994 chairman of the Democratic Governors' Association.

~~WR - States~~

WR - States

MEMORANDUM

To: Bruce Reed
Fr: Tim Fong
Re: State Waiver Requests to HHS
and New York Times article

● The article "In a 90's War on Poverty, Who Hands Out Money?" focuses on the "Tammany Hall" aspect of community development and non-profits as illustrated by Ramon Velez, "poverty barron" of the South Bronx. This comparison between CDC's with "Tammany Hall" was made several times during the Fannie Mae Housing Conference.

The following summaries were drawn from Center for Law and Social Policy Research

Arkansas

Submitted: January 14, 1993

- provide no grant increase for a newborn;

In selected demonstration counties:

- require participation in JOBS education
- provide specialized counseling regarding family planning to teenagers, particularly AFDC recipients

Illinois

Relocation to Illinois Project

Submitted: October 6, 1992

- require AFDC recipients from other states receive the same level of grant (if a lower payment) from previous state for the first 12 months of residency in Illinois

One Step at a Time Project

Submitted: October 6, 1992

This proposal will operate at two locations: 1) Chicago public housing complex; 2) rural community

- mentorship program
- Community Service Corp to require individuals to participate for twenty hours a week in community activities
- * → ● AFDC grants, up to \$305, will be diverted to employers as wage subsidies
- assistance in attaining full-time employment
- ⑦ → ● individuals with choice of more generous six-month plan and less generous twelve month plan
- honor roll students receive monetary incentives
- high school seniors receive graduation bonus
- incomes of high school tutors will be exempted

Iowa

Submitted: April 27, 1993

We received a more detailed description of the full plan from Bob Freedman. The welfare components for which waivers have been sought are in three areas: transition to work, family stability, and responsibility.

- \$90 work expense deduction replaced by 20% work expense deduction
- current \$30 and 1/3 deduction replaced with 50% of earned income after all other deductions from countable gross income

- working stepparents not in AFDC unit would be eligible for child care deductions
- for individuals with less than \$1200 earnings in 12 months, earnings would be disregarded for AFDC and food stamps for the first four months of employment
- income from terminated source will not be counted for AFDC and food stamps in the first month the income is absent
- for AFDC and food stamp eligibility, disregards interest income and deposits into Individual Development Accounts
- eliminate the 100 hour rule and replace with a lower cap; benefits delayed for 30 days from date of application once either parent exceeded the cap
- transitional child care extended from 12 to 24 months
- stepparents eligible for same work deductions as parent
- eligibility for AFDC-UP families would be determined without regard to work history or the 100 hour rule
- asset limit raised to \$2000 for applicant and \$5000 for recipients of AFDC and food stamps; AFDC disregard for motor vehicle equity increased to \$3000 per assistance unit
- families must enter into agreement outlining self-sufficiency plan; agreement will make services available (JOBS participation, employment, job search, unpaid community service, others)

Also seeks additional waivers:

- eliminate cap on JOBS match
- waive JOBS targeting and participation rate requirements
- require JOBS participation by those under sanction
- waive limits on job search and requirement to grant good cause
- determine appropriate penalties for failing to sign FIA
- waivers of confidentiality requirements
- both parents subject to work and training requirements to receive AFDC-UP
- families migrating into Iowa subject to lesser of two state grants for 12 months

Massachusetts

Submitted: January 14, 1993

- require JOBS participants to contribute toward cost of JOBS child care

Wyoming

Limitation of Higher Education as an Eligibility Requirement of AFDC

Submitted: September 14, 1992

Wyoming would disallow AFDC benefits to household where primary income person:

- is pursuing second bachelor's degree;
- has been pursuing an initial bachelor's degree for six years or more;
- has been pursuing an associate degree for four years or more

Relocation Grant

Submitted: December 24, 1992

- for families moving into Wyoming, state would limit for 12 months grants to lesser of Wyoming's grant level or maximum aid level available in previous state

South Carolina

Private/For-Profit Work Experience

Submitted: December 1, 1992

- include private/non-profit businesses as potential employers
- eliminate AFDC benefits for entire family when sanctioning uncooperative clients

Oklahoma

Learnfare

Submitted: December 1992

- lower age for mandated JOBS participation to 13; JOBS activity for children age 13 to 18 will be school attendance
- Department of Health Services (DHS) job developer will work with and monitor activities of JOBS participants' attendance and reduce grant if fails to meet performance levels

Actions:

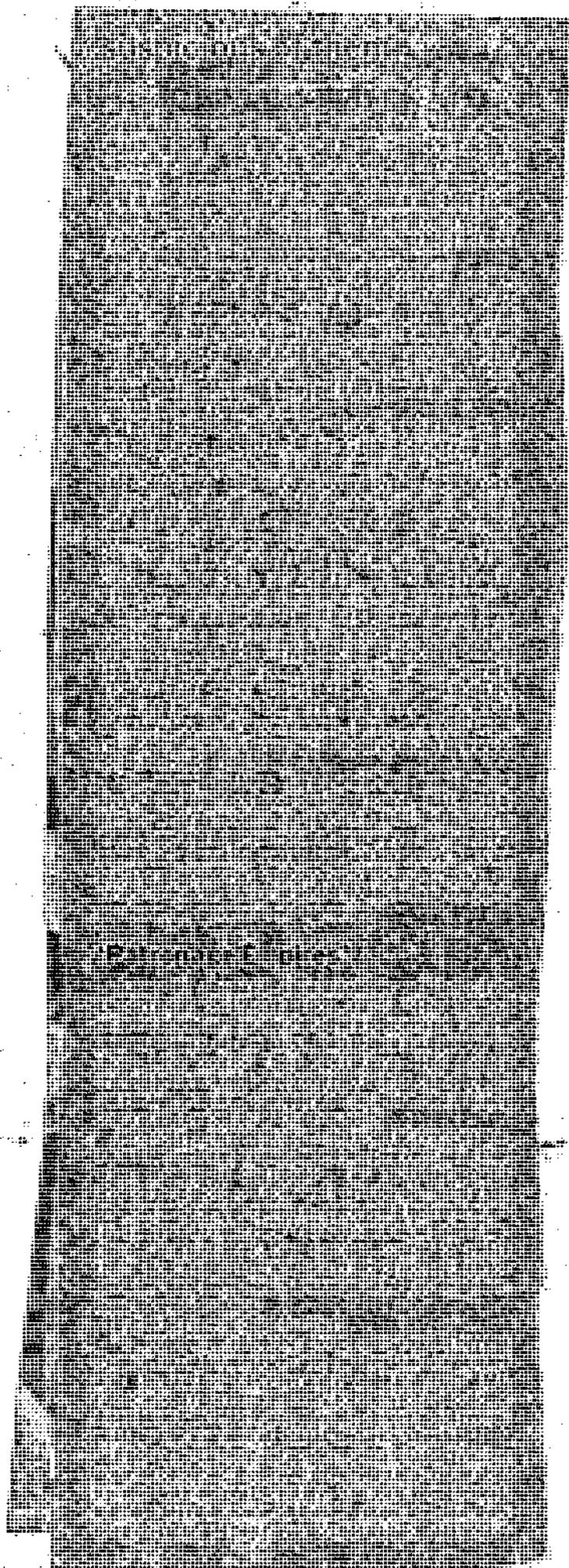
Given these pending state waivers (pending as of May 1993) we can:

- contact HHS for evaluation and status of the waiver requests
- identify promising models for more policy ideas
- use ideas from state proposals and give suggestions to Mississippi, which is requesting federal guidance on welfare waivers

In a 90's War
On Poverty,
Who Hands
Out Money?

F

COMMUNITY DEVELOPMENT
DIVISION
U.S. DEPARTMENT OF HOUSING
& URBAN DEVELOPMENT





City of Detroit
CITY COUNCIL

MARYANN MAHAFFEY
PRESIDENT

Fascimile Transmission Cover Letter

ORIGINATOR: Maryann Mahaffey
DATE: 1-16-96
TO: Mr. Bruce Reed
FAX NUMBER: 202-456-7028

This FAX contains 2 pages including this cover sheet.



City of Detroit
CITY COUNCIL

MARYANN MAHAFFEY
PRESIDENT

January 12, 1996

Mr. Bruce Reed
Deputy Assistant to the President

Dear Mr. Reed,

I am writing to urge you to urge President Clinton to follow through on his commitment to veto H.R. 4, welfare reform legislation.

Please convey my appreciation for his firm stand on this legislation!

Thank you.

Sincerely,


Maryann Mahaffey, A.C.S.W.

**National
League
of
Cities**

1301 Pennsylvania Avenue, N.W.
Washington, D.C.
20004

(202) 626-3020
FAX: (202) 626-3043

Frank Shafroth
Director, Center for Policy
and Federal Relations

**National League of Cities
National Association of Counties
The United States Conference of Mayors**

December 19, 1995

Dear Representative:

On behalf of the nation's local elected officials, we are writing to urge you to oppose H.R. 4, the conference agreement on the Personal Responsibility Act. Although the conferees agreed to some changes in the areas of foster care and consultation with local governments, we cannot support the final conference agreement which fails to address many of the other significant concerns of local governments. In particular, we object to the following provisions:

1. The bill ends the entitlement of Aid to Families with Dependent Children, thereby dismantling the critical safety net for children and their families.
2. The bill places foster care administration and training into a block grant. These funds provide basic services to our most vulnerable children. If administration and training do not remain an individual entitlement, our agencies will not have sufficient funds to provide the necessary child protective services, thereby placing more children at risk.
3. The eligibility restrictions for legal immigrants go too far and will shift substantial costs onto local governments. The most objectionable provisions include denying Supplemental Security Income and Food Stamps, particularly to older immigrants. Local governments cannot and should not be the safety net for federal policy decisions regarding immigration.
4. The work participation requirements are unrealistic, and funding for child care and job training is not sufficient to meet these requirements. One example of the impracticality of these provisions is the removal of Senate language that would have allowed states to require lower hours of participation for parents with children under age six.
5. We remain very concerned with the possibility of any block granting of child nutrition programs. A strong federal role in child nutrition would continue to ensure an adequate level of nutrition assistance to children and their families. School lunch programs are necessary to ensure that children receive the nutrition they need to succeed in school. Children's educational success is essential to the economic well-being of our nation's local communities.
6. The implementation dates and transition periods are inadequate to make the changes necessary to comply with the legislation. We suggest delaying them until the next fiscal year.

As the level of government closest to the people, local elected officials understand the importance of reforming the welfare system. However, the welfare reform conference agreement would shift costs and liabilities and create new unfunded mandates for local governments, as well as penalize low income families. Such a bill, in combination with federal cuts and increased demands for services, will leave local governments with two options: cut other essential services, such as law enforcement, or raise revenues. We, therefore, urge you to vote against the conference agreement on H.R. 4.

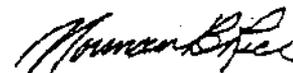
Sincerely,



Gregory S. Lashutka
President
National League of Cities
Mayor, Columbus, Ohio



Douglas R. Bovin
President
National Association of Counties
Commissioner, Delta County, Michigan



Norman B. Rice
President
The United States Conference of Mayors
Mayor, Seattle, Washington



April 7, 1995

M E M O R A N D U M

To: Governor Dean
Governor Thompson
Governor Engler
Governor Carper
From: Ray Scheppach
Re: Discussion of Options for Bipartisan Senate Welfare Reform Package

I believe that we need to begin discussing options for a bipartisan Senate welfare reform package that NGA could support. The Senate will likely have to have bipartisan support because of the threat of a filibuster. (Even if welfare reform moves through reconciliation, Byrd rule issues are likely to make some Democratic support necessary.) My sense is that if the Governors were to make a bipartisan recommendation to Senator Packwood on welfare reform, it is likely to be taken quite seriously.

In thinking through options, it is important to recognize that Senator Packwood is committed to the block grant approach, especially for cash assistance, as the starting point for a welfare bill. (He has not yet made up his mind about block granting foster care and a key member of the committee, Senator Chafee, opposes it.) The Senate also appears willing to restore a moderate amount of funding to welfare programs as compared with the House bill.

I have outlined below issues Governors have raised with the House bill; what the Senate seems willing to support; and a possible welfare reform proposal NGA staff have drafted for discussion purposes. A more detailed outline of the proposal and a draft letter that could go to the Hill are attached. I would like to arrange a conference call soon for us to discuss this proposal and draft letter.

I have not included in the draft proposal or letter any discussion of the food stamp, child support or child nutrition titles of the House bill but have focused primarily on cash assistance, child welfare, and child care. The draft letter notes Governors' concerns about reductions in aid to legal aliens and the disabled and NGA will continue to work on scaling back these reductions, but the outcome on these issues may be driven primarily by the Senate's overall budget decisions.

Problems with the House bill and the outlook for Senate action

Governors have raised three main concerns with the cash assistance, child protection, and child care portions of the House bill: inadequate funding, too many restrictions on how funds can be spent, and work requirements that most states do not believe they can achieve. In addition some Governors strongly oppose ending federal match for the individual entitlement to cash assistance, child protection, or child care services.

States seem most concerned about their ability under the House bill to meet increased need for certain services or to make up-front investments in welfare reform. For example,

- States experiencing economic downturns will have sudden increases in the need for temporary cash assistance to children.
- States transforming their existing income maintenance programs to work-based aid programs will need to make up-front investments in job creation, job placement, training, and child care for those in work activities.
- States with shortages of affordable child care will need to expand child care aid to low-income working families so that they can continue to work and avoid entering the welfare system.
- States facing sudden increases in the numbers of abused and neglected children referred to them by the courts—as many states did during the recent crack epidemic—will need to continue to protect abused and neglected children by intervening on their behalf.

Under block grants there would be no federal match available for increased state spending above current levels. States with high population growth are also concerned about structural growth in welfare caseloads; H.R. 4 has only a small annual adjustment in the cash assistance title for population growth (\$100 million annually or six-tenths of a percent of the total block). Census data show that the number of low income families with children grew by 26% between 1988 and 1993 (the most recent year for which data is available) and the annual rate of growth in recent years has been about 5%.

States are also concerned that unlike the cash assistance and child protection block grants, the child care block grant is not an entitlement to the states. Funding for the child care block grant is discretionary which means that this program will have to compete in the appropriations process every year.

The Senate Finance Committee appears to be willing to support a welfare reform bill with greater funding and with fewer eligibility restrictions than the House bill. In particular the Senate does not seem likely to enact a ban on aid to teen parents or an absolute lifetime limit on cash assistance to families. The Senate will probably insist, however, on a work requirement with participation rates in the same range as the House bill (50% of the caseload when fully phased-in) although there may be room to define the work requirement more broadly. This work requirement is likely to be coupled in the Senate with a continued mandate for states to provide access to child care for all recipients required to work.

There appears to be support in the Finance Committee for additional funding for work activities, child care, and child welfare. Committee members have expressed some skepticism, however, about giving aid to states without a state match or maintenance of effort. A number of committee members, including Senator Chafee, also seem reluctant to turn over child welfare fully to the states and have indicated that they will work to retain the current federal entitlement programs for Title IV-E foster care and adoption assistance programs (During the recent committee hearings there has been frequent mention of the rapid growth in foster care caseloads over the last decade and the fact that twenty-two states are under court orders related to problems with their child welfare systems).

Discussion option for possible bipartisan Senate bill

The Senate has not yet developed any bipartisan alternatives to the House bill. This presents NGA with an opportunity to put a compromise proposal forward. It may be possible to craft a bill that can attract bipartisan support if the bill begins with the House block grant approach, which now has strong momentum, but also allows access to state option contingency funds beyond the block grant levels for Governors who need to meet increased needs or make up-front investments in welfare reform.

NGA staff have drafted the following discussion proposal.

The proposal establishes three block grants: transitional aid to families, child care, and child protection (except foster care and adoption assistance payments). The block grants would be capped at the higher of fiscal 1994 or the average of fiscal 1992-94 federal spending levels with adjustments for population growth, and states would be allowed to transfer 20% of funds between the block grants. No state match or maintenance of effort would be required.

The proposal would also create access to a state option contingency fund beyond the block grants for states to draw down and use for the same purposes as the three block grants. Examples of the ways in which states might use these matching funds are—

- States experiencing economic downturns could use the funds to meet increased need for cash assistance aid to families with children.
- States that need to make up-front investments in expanded welfare-to-work programs could draw on the funds for job creation, job placement, training, and child care needs of participants.
- States that want to expand child care to the working poor could draw on the federal matching funds for that purpose.

The state option contingency funds would help make a block grant-based welfare system feasible by giving Governors the flexibility and federal support to meet these needs. These funds could be spent only on the same activities described in each state's approved plans for the three block grants. States could only access these matching funds in a given year if in the previous year they had spent in the *aggregate* on the three block grant activities as much as they spent in fiscal 1994. (For example, a state may be spending less on cash assistance but could still be

maintaining its fiscal 1994 level of effort if state spending has increased for child care or child protection services.) A state would be required to match these federal funds at the federal Medicaid match rate and could not draw down more in a given year than fifteen percent of its total allotments under the three block grants unless it was experiencing a substantial increase in unemployment.

This concept is similar to the federal rainy day fund proposed for cash assistance in times of recession. There are a number of advantages, however, to having federal matching funds available for a broader array of needs:

- **It keeps the overall system simple while simultaneously offering one solution to a range of different state needs.** Addressing all of these different needs—increased numbers of unemployed families during recessions, the need for up-front investments in work-based welfare reform, shortages of affordable child care—with different funding mechanisms for each one would make the system overly complicated and rigid, defeating a key purpose of welfare reform.
- **It echoes the flexibility of the block grant structure, with its transferability of funds, by allowing different states to meet different needs through the same funding mechanism.** States may be able to avoid bringing additional families into the cash assistance or foster care programs if additional federal funds beyond the block grants are available not just for cash assistance or foster care but also for meeting the needs of low income families to help them avoid welfare or keep children with their parents.
- **It gives states an incentive to maintain levels of effort without mandating it.** A number of Senators believe states should maintain existing spending to qualify for welfare block grant funds. This proposal retains the House structure of no maintenance of effort or match but gives states an incentive to maintain their level of effort in order to gain access to additional federal support for meeting additional needs.

A more detailed outline of the proposal is attached. While this proposal would cost more than the House bill, it would certainly cost less than current law and responds to the Congressional desire for more certainty in federal welfare costs. The only situation in which states would draw down more of the federal fund than 15% of their allotments would be if the economy goes into a deep recession. Since welfare costs for states rise sharply during a recession, Governors could argue that it is only fair that the federal government share in these costs so that these programs can continue to play the countercyclical role they have played in the past.

Furthermore, the option for states to draw down more than 15% in times of recession is unlikely to have any cost attached to it in Congressional Budget Office (CBO) estimates. CBO would probably estimate that states draw down from the state option contingency no more than 15% of total federal spending on the three block grants because CBO's baseline does not predict an economic downturn over the next five years.

Dear:

We are writing to offer the recommendations of the National Governors' Association for Senate legislation to reform the welfare system.

The Governors believe Congress has at this moment an enormous opportunity to restructure the federal-state relationship. The Governors urge Congress to take advantage of this opportunity both to examine the allocation of responsibilities among the levels of government and to maximize state flexibility in areas of shared responsibility. We believe, however, that children must be protected throughout the restructuring process. In addition, although federal budget cuts are needed, the Governors are concerned about the cumulative impact on the states of federal budgetary decisions. The Governors view any block grant proposal as an opportunity for Congress and the president to provide needed flexibility for states, not as a primary means to reduce the federal budget deficit.

The Governors have not yet reached consensus on whether cash and other entitlement assistance should remain available as federal entitlements to needy families or be converted to state entitlement block grants. We do agree, however, that in either case states should have the flexibility to enact welfare reforms without having to request federal waivers.

If the Senate Finance Committee proceeds at least in part with the block grant approach followed by the House, however, we believe it is critical that the Senate legislation be structured so as to give states the flexibility and federal support needed to make a work-based welfare block grant system successful.

Welfare block grants with a state option contingency fund

If the Senate decides to establish block grants in the welfare area, we would recommend three block grants: transitional aid to families, child care, and child protection. The child protection block grant would include all existing federal discretionary child welfare programs; NGA does not have policy at this time on including the IV-E foster care and adoption entitlement programs of the Social Security Act. All three block grants would be capped entitlements to states. (This is in contrast to H.R.4 which makes funding for the child care block grant subject to the appropriations process.)

The Governors would support setting the state allotments for these block grants at the higher of fiscal 1994 or the average of fiscal 1992-94 federal spending levels. Total federal spending for each block grant would be the sum of these state allotments with adjustments for population growth. States should be allowed to transfer 20% of funds between the block grants and to carry forward federal savings for future use on the programs. No state match or maintenance of effort should be required.

For a number of Governors, the flexibility to transfer funds between block grants and carry forward savings will prove sufficient to achieve the goals of the programs. Many other states, however, will confront the need to make additional investments in cash assistance, welfare-to-work, child welfare, or child care programs. For example—

- States experiencing economic downturns will find sudden sharp increases in the need for temporary cash assistance to children.

DRAFT #1— For comment only

- States transforming their existing income maintenance programs to work-based aid programs will need to make up-front investments in job creation, job placement, training, and child care.
- States with shortages of affordable child care will need to expand child care aid to low-income working families so that they can continue to work and avoid entering the welfare system.
- States facing sudden increases in the numbers of abused and neglected children referred to them by the courts—as many states did during the recent crack epidemic—will need to continue to protect abused and neglected children by intervening on their behalf.

For a block grant-based welfare system to be successful, it is essential that Governors have the flexibility and federal support to meet these needs. We recommend, therefore, that a state option contingency fund be established with federal matching funds beyond the block grants available to states that maintain their fiscal 1994 spending in these areas.

These funds could be spent only on the same activities described in each state's approved plans for the three block grants. States could only access these supplemental funds in a given year if in the previous year they had spent in the *aggregate* on the three block grant activities as much as they spent in fiscal 1994. (For example, a state may be spending less on cash assistance but could still be maintaining its fiscal 1994 level of effort if state spending has increased for child care or child protection services.) A state would be required to match these federal funds at the federal Medicaid match rate and could not draw down more in a given year than fifteen percent of its total allotments under the three block grants unless it was experiencing a substantial increase in unemployment.

This concept is similar to the federal rainy day fund proposed for cash assistance in times of recession. We believe, however, that there are compelling reasons for creating access to federal matching funds for a broader array of childrens' needs rather than a more narrowly-focused fund that can be used only for cash assistance:

- **It keeps the overall system simple while simultaneously offering one solution to a range of different state needs.** Addressing all of these different needs—increased numbers of unemployed families during recessions, the need for up-front investments in work-based welfare reform, shortages of affordable child care—with different funding mechanisms for each one would make the system overly complicated and rigid, defeating a key purpose of welfare reform.
- **It echoes the flexibility of the block grant structure, with its transferability of funds, by allowing different states to meet different needs through the same funding mechanism.** States may be able to avoid bringing additional families into the cash assistance or foster care programs if additional federal funds beyond the block grants are available not just for cash assistance or foster care but also for meeting the needs of low income families to help them avoid welfare or keep children with their parents.
- **It gives states an incentive to maintain levels of effort without mandating it.** We recognize that a number of Senators believe states should maintain existing spending to qualify for welfare block grant funds. At the same time we believe that states should be able to reap the benefits of savings they achieve through the new flexibility given to them in block grants by investing those savings in other services to children. This proposal retains the House structure of no maintenance of effort or match but gives states an incentive to maintain their level of effort in order to gain access to additional federal support for meeting additional needs.

The Governors believe that this combination of block grants and a state option contingency fund could form the basis for a new federal-state partnership that is flexible and responsive to the needs of low-income

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families with children. At the same time it would give the federal government immediate budget savings and much more certainty about future welfare spending than exists under the current system.

We also have recommendations on a number of other issues that the Senate Finance Committee is likely to consider as part of welfare reform legislation. These issues include federal restrictions on eligibility for cash assistance, federal standards for welfare work programs, accountability for block grant funds, aid to legal aliens and the disabled, and implementation timeframes.

Restrictions on aid. Although the Governors recognize the legitimate interest of the federal government in setting broad program goals in cooperation with states and territories, we also believe that states should be free from prescriptive federal standards. We urge the Senate to avoid sweeping federal prohibitions on cash assistance to families now eligible for help and ask instead that states be given the authority to make these eligibility decisions themselves. Some states may want to be more restrictive than Congress—by conditioning aid on work, for example, sooner than two years—while other states may decide in certain cases it is appropriate to be less restrictive. Eligibility rules such as whether to aid teen parents or legal aliens, whether to place lifetime limits on aid, and whether to increase benefits for additional children of recipients should be left to the states.

Work requirements. Similarly, while Governors agree that there is a national interest in refocusing the welfare system on the transition to work, we ask the Senate to avoid prescribing narrow federal work standards for the cash assistance block grant. The Governors believe that all Americans should be productive members of their community. There are various ways to achieve this goal. The preferred means is through private, unsubsidized work in the business or nonprofit sectors. If the federal government imposes rigid work standards on state programs, such standards could prove self-defeating by foreclosing some possibilities, such as volunteering in the community, that can be stepping stones to full-time, private sector jobs. Overly rigid federal work standards also inevitably raise difficult issues about the cost and feasibility of creating a large number of public jobs, and the cost of providing child care for parents required to work.

We recommend that any federal work participation standard count hours of employment toward meeting the rates, including hours of work by former recipients during the first three months after leaving welfare. It is clear from the research that helping recipients keep a job is as important as helping them find a job in the first place, and the federal government should recognize and reward job retention efforts. We also believe that it is reasonable to require that at least half of a state's participation rate consist of individuals engaged in work activities strictly defined, with the remaining half in other welfare-to-work activities. If the Senate decides to impose a standard for hours of work, we urge you to recognize that in our society mothers with young children typically work only part-time. We believe that any standard for hours of work should not ask more of low-income, single parents with young children than is demanded of other mothers with young children. In particular, the Governors do not think it is reasonable to mandate 35 hours of work a week.

Accountability in block grant programs. We believe that block grants should include a clear statement of purpose, including mutually agreed-upon goals for the block grant and the measures that will be used to judge the effectiveness of the block grant. We encourage the Senate to restrict reporting requirements to outcome and performance data strictly related to the goals of the program. The Governors also urge that the details of performance standards and reporting requirements not be written into federal law but be mutually agreed upon through a process involving Congress, the administration, and ourselves.

Federal aid to legal noncitizens and the disabled. The Governors oppose the wholesale elimination of federal services to legal noncitizens. Even if Senate legislation were to attempt to also give states and localities the authority to deny benefits to legal noncitizens, any changes short of an amendment to the

DRAFT #1— For comment only

Constitution would undoubtedly be subject to court challenges. While the issue is litigated in the courts, states and localities would remain legally obligated to provide services to the legal noncitizens to the same extent as the general population. Policy adopted by the Governors clearly states that since the federal government has exclusive jurisdiction over our nation's immigration policy, all costs resulting from immigration policy should be paid by the federal government. Ending the eligibility of legal noncitizens for key federal safety net programs would move the federal government in the opposite direction, and would shift substantial costs to states.

The Governors recognize that the federal Supplemental Security Income (SSI) program is growing at an unacceptable rate, and that serious problems exist regarding the definition and diagnosis of disabilities. Our first preference is for Congress to wait for the report of the Commission on Childhood Disability before acting to change eligibility for disability benefits to children. If that is not possible, however, we would like to work with the Senate to address identified problems while maintaining needed federal aid to disabled children and adults. If changes in SSI are enacted that deny benefits to hundreds of thousands of families and children, the result may be a sharp increase in the need for aid from the new cash assistance block grant at a time when those funds would be capped.

Implementation. Governors ask the Senate to recognize that moving to a block grant structure raises many implementation issues. Almost every state is operating at least one welfare waiver project. We believe that states with waivers currently in effect should have express permission either to continue their waiver-based reforms or to withdraw from their waivers and be held harmless for any costs measured by cost neutrality provisions. Savings from individual state's waivers should be included in the state's base for the block grant. Some states have negotiated a settlement to retain access subject to a state match to an agreed upon amount of waiver savings. Legislative language converting AFDC to a block grant should not terminate these agreements and thereby preclude states from drawing down the balance of previously negotiated amounts.

Implementation of block grants would also pose enormous difficulties for state information systems, and we are concerned that there may not be sufficient funding or lead time to allow states to update these systems as necessary to implement the legislation. While states that are ready should be able to implement any new block grants as soon as possible, other states should be allowed at least one year after enactment to implement the new programs. We also believe that a consultative process between Governors, Congress and the administration would be necessary to ensure that the transition to a block grant system is made in an orderly way and that children's needs continue to be met during the transition.

We believe that adoption of these recommendations would significantly improve the feasibility of a block grant-based welfare system. We thank you for your consideration of our views and look forward to working together on welfare reform.



June 14, 1995

Dear Senator:

As the Senate prepares for floor action on Senator Packwood's welfare reform bill, the *Family Self-Sufficiency Act of 1995*, we would like to bring to your attention several concerns shared by Governors, state legislators and state welfare directors. While the *Family Self-Sufficiency Act* provides significant new flexibility to states, we are proposing several changes to the bill which will enhance the ability of states to meet the needs of their poorest citizens.

Child Care Block Grant

We support the consolidation of child care programs into a single, flexible block grant funded as an entitlement to states. A separate block grant for child care will facilitate the creation of a seamless system of child care services to poor families and enable states to allocate funds to areas of greatest or emerging needs.

Adequate and separate funding for child care is necessary to ensure that states will be able to serve children of individuals on welfare who are required to work, as well as the working poor, whom without a child care subsidy, could be at risk of going on welfare. We support efforts, such as Senator Hatch's proposed amendment, to create a separate child care block grant combining the Finance Committee child care programs. This is a critical first step toward creating a single child care block grant as an entitlement to states that combines all federal child care programs.

Work and Child Care

We appreciate the flexibility that Senator Packwood's bill accords states to design their work programs and child care services. However, the work requirements combined with the child care guarantee for children under age 6 creates a tremendous challenge for states. We would like to work with members of the Senate to permit additional flexibility for states in circumstances where insufficient child care funding is a barrier to participation in work activities.

State Option Contingency Fund

If the Senate decides to establish welfare block grants, we would recommend the establishment of a state option contingency fund that provides access to a limited amount of federal matching funds. For many states, the flexibility to transfer funds between block grants and carry forward savings will prove sufficient to achieve the goals of the programs. A number of other states, however, will confront the need to make additional investments in cash assistance, welfare-to-work, child care or child welfare programs. For example:

- States with high population growth will face increased need for cash benefits, child care, and child welfare services.
- States experiencing economic downturns will find sudden increases in the need for temporary cash assistance to children.
- States transforming their existing income maintenance programs to work-based aid programs will need to make up-front investments in job creation, job placement, job training, and child care.
- States with shortages of affordable child care will need to expand child care aid to low-income working families so that they can continue to work and avoid entering the welfare system.

A state option contingency fund would facilitate successful implementation of a block grant-based welfare system by allowing states the option of a limited amount of additional federal support to meet these needs. Federal spending on this contingency fund would be limited in three ways. First, states could only access these supplemental funds in a given year if in the previous year they had spent as much in the *aggregate* on the activities included in the block grants as they spent in fiscal 1994. (A state could be spending less on cash assistance, for example, but could still be maintaining its fiscal 1994 level of effort if state spending has increased for child care, child welfare, or welfare-to-work services.) Second, the amount any state could draw down in a given year would be capped at a small percentage of its block grant allotment unless it was experiencing a substantial increase in unemployment. Third, a state would be required to match these federal funds at the federal Medicaid match rate.

Such a fund could replace the bill's federal rainy day loan fund for cash assistance in times of recession and the supplemental grants for populations growth. We believe the contingency fund has several advantages over these narrower alternatives. It keeps the overall block grant system simple while simultaneously offering one solution to a range of different state needs. It also gives states an incentive to maintain levels of effort without mandating it. Finally, it maintains the federal-state partnership in countering cyclical changes in the economy.

We realize that any welfare reform legislation must contribute its share toward deficit reduction. The contingency fund is carefully crafted to be a fiscally responsible proposal. We believe that the cost of the fund can be largely offset through other changes in the bill and welcome the opportunity to discuss specific options further with you. We would oppose, however, any reduction in the overall funding level for the block grant.

Transferability of Funds Among Block Grants

The flexibility accorded by block grant enables states to design programs and policies within broad program areas that address the particular needs and priorities of their states. As states plan how to utilize these funds, however, they may discover the need to increase spending in one area (such as child care) and reduce spending in other areas (such as cash assistance). Unfortunately the block grant funding allocations cannot automatically adjust for these changes in state policies, forcing states to spend federal dollars inefficiently. Permitting states to transfer funds between block grants enables states to make adjustments consistent with their program priorities and avoid wasteful spending. Without transferability, block grants would institutionalize existing state spending patterns that may be inconsistent with a state's intended innovation and reform. For these reasons, states should be permitted to transfer up to 30 percent of funds between any block grants created by the Senate.

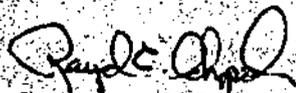
Page 3

We would also like to suggest several technical changes to the bill. The Finance Committee bill inadvertently applied Title I's five-year limit on assistance and the work requirements to certain groups for whom such restrictions are not appropriate. These groups include welfare cases where only children are receiving aid, cases where a relative such as a grandparent is caring for the child, families where the parent is totally and permanently disabled, and working families who are receiving no welfare at all but only child care assistance. We would like to work with you to ensure that in the final bill these groups are excluded from work requirements and from the five-year limit on aid.

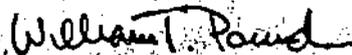
Finally, we ask that there be a penalty-free window of time for states to implement any new cash assistance block grant. The block grant would necessitate sweeping changes in state legislation and regulations, and in staffing, computer systems, and administrative procedures. Under the *Family Self-Sufficiency Act* states could incur penalties of well over 15 percent of their block grants in one year. We are concerned that without an adequate implementation timeframe free of penalties, many states will be subject to an immediate and substantial loss of block grant funds. We recommend, therefore, that any penalties within Title I be suspended for the first year after the issuance of final regulations by HHS.

We believe that adoption of these recommendations would significantly improve the feasibility of a block grant-based welfare system. We thank you for your consideration of our views and look forward to working together on welfare reform.

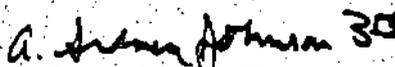
Sincerely,



Raymond C. Scheppach
Executive Director
National Governors' Association



William Pound
Executive Director
National Conference of State Legislatures



A. Sidney Johnson III
Executive Director
American Public Welfare Association

RECOMMENDATIONS FOR SENATE WELFARE BILL

The National Governors' Association appreciates the invitation to provide suggestions for an outcome-based performance measurement system as part of a welfare-to-work cash assistance block grant that Senator Packwood is drafting. We also have taken this opportunity to provide recommendations on several other areas of interest or concern to Governors. Our comments at this time are necessarily limited until we have further knowledge of the specifics of Senator Packwood's proposal and have seen the legislative language, and should not be interpreted as NGA support or opposition for the overall bill. We offer these comments simply as a starting point for further discussions.

I. Outcome-Based Performance Measurement System

The National Governors' Association policy on block grants recognizes the national interest in reducing teenage pregnancy, increasing parental responsibility and requiring welfare-to-work. Any outcome-based performance system created by the bill should reflect these three primary goals and allow room for states to set additional goals that they deem are appropriate. We have not had an opportunity to have a broad discussion among Governors on the specifics of an outcome-based performance measurement system, so these suggestions should be viewed as staff recommendations only.

In order to develop an outcome-based performance measurement system that is reasonable and equitable, staff recommend the following principles:

- Policy goals and accompanying performance measures and standards should be viewed as a performance management tool, not as the basis for levying sanctions or penalties. A state's failure to meet its performance standards for two consecutive years would result in a federal review and technical assistance.
- Governors should only be required to utilize performance measures for which data sources are available in their state. Since the availability and reliability of data sources varies across states, each state should be able to set its own performance measures and standards for determining progress toward each policy goal. Federal assistance should be available to states for developing the unemployment insurance wage reporting data base as a source of key labor market outcome data.
- There must be a process for making the transition to an outcome-based system. In particular states will need time and resources to retool their management information systems. This process should be determined in consultation with a bipartisan group of Governors and members of the Finance Committee.
- States should have the opportunity to set outcome-based policy goals, measures and standards across block grants, with the measures and standards developed for welfare being consistent and complementary with those developed for other federal programs, such as child care, child support, education, workforce and health care programs. The Finance Committee could make this easier by at least developing a unified outcome-based performance system for the block grants or programs included in its welfare reform bill.
- After several years of state experience in creating a new outcome-based performance system, an independent body, in consultation with Governors, should conduct a review of the outcome-based system and provide recommendations to Congress prior to the expiration of the legislation.

We recommend that the federal statute create an outcome-based performance measurement system where the legislation specifies several key desired policy goals for the welfare system and states choose the outcome-based performance measures and standards that they would use to measure progress toward those goals and to set performance expectations. States would describe in their state plan any additional state policy goals for the system, the outcome measures they plan to use for each federal policy goal and each state policy goal, the baseline for each of these measures and the progress they expect to achieve in each area based on expected economic and social conditions and the level of federal investment.

The federal policy goals for the system should focus not just on welfare recipients but more broadly on those at risk for dependence on welfare so as to recognize state efforts to address the root causes of welfare dependence. In this regard, we would welcome the opportunity to discuss with you how the cash assistance block grant might be crafted so as to allow some limited use of block grant funds for school-wide or community wide preventative initiatives, or initiatives that provide assistance through means other than cash, such as subsidized public or private sector jobs.

Outcome 1: Teenagers delay childbearing until they are adults and married.

Outcome 2: Welfare recipients become employed and increase earnings.

Outcome 3: Low-income parents need welfare less due to strengthened families, increased employability and earnings, increased child support collections, and greater access to work supports, such as the EITC.

II. State Option Contingency Fund

If the Senate proceeds, at least in part, with a block grant approach for welfare reform, it is critical that the legislation be structured to give states the flexibility and federal support needed to make a work-based welfare block grant system successful. The flexibility to transfer funds between block grants and carry forward savings are essential. However, many states will confront the need to make *additional* investments in cash assistance, welfare-to-work, or child care programs. This may be due to economic downturns, population growth, child care shortages or a need to make up-front investments in job creation, job placement, etc., as states move to work-based aid programs. One way to achieve the additional flexibility needed is to create a **state option contingency fund** with federal matching funds that would be available to states that maintain their fiscal 1994 spending in these areas. Under the state contingency fund.

- funds can only be spent on the same activities described in each state's approved plans for the block grants created in the Senate bill.
- a state must, in the preceding year, maintain an aggregate level of state spending across the block grants that equals that state's aggregate level of spending on these activities in fiscal 1994 in order to have access to supplemental federal funds at the Medicaid match rate.
- federal spending on these supplemental funds would be effectively limited by capping the amount each state could draw down, unless the state experienced a serious economic downturn with an unemployment rate in any quarter at least 25% higher than at least one of the last two years. The cap should be determined in consultation with a bipartisan group of Governors and members of the Finance Committee.

- contingency funds left unclaimed at the end of a fiscal year should be available for redistribution to states that wish to match them in the two subsequent fiscal years.

This concept is similar to the federal rainy day loan fund proposed for cash assistance in times of recession. However, there are compelling reasons for creating access to federal matching funds for a broader array of children's needs rather than a more narrowly-focused fund that can be used only for cash assistance:

- It keeps the overall system simple while simultaneously offering one solution to a range of different state needs. Addressing many different needs, such as increased numbers of unemployed families during recessions, the need for up-front investments in work-based welfare reform, shortages of affordable child care, with different funding mechanisms for each one would make the system overly complicated and rigid, defeating a key purpose of welfare reform.
- It gives states an incentive to maintain levels of effort without mandating it. Many believe states should maintain existing spending to qualify for welfare block grant funds. At the same time, states should be able to reap the benefits of savings they achieve through the new flexibility given to them in block grants by investing those savings in other services to children. This proposal does not require a maintenance of effort or match but gives states an incentive to maintain their level of effort in order to gain access to additional federal support for meeting additional needs.

A combination of block grants and a state option contingency fund could form the basis for a new federal-state partnership that is flexible and responsive to the needs of low-income families with children. At the same time it would give the federal government immediate budget savings and much more certainty about future welfare spending than exists under the current system.

III. Child Care Block Grant

The policy of the National Governors' Association on child care urges Congress to move toward a more seamless system incorporating all of the federal child care programs. While existing federal child care programs fall within the jurisdiction of two committees—Finance and Labor and Human Resources—if Congress moves toward block granting the entitlement child care programs then the Governors support a *single, flexible block grant for child care*. This block grant should be an *entitlement to states* incorporating programs under the jurisdiction of both committees. One alternative under discussion—incorporating the Finance Committee programs (Title IV-A and At-Risk Child Care) into the cash assistance block grant and folding the remainder into the Child Care Development Block Grant—could make it difficult for states to provide a seamless system of child care. A single block grant, with one funding stream and one set of reporting and administrative requirements, would make it easier for states to provide a continuum of services to poor families and allocate funds to areas of greatest or emerging need. If two separate child care block grants begin to move through the Senate, we recommend that they be merged into a single, flexible block grant on the Senate floor.

IV. Transferability of Funds Among Block Grants.

The flexibility accorded by block grants enables Governors to design programs and policies within broad program areas that address the particular needs and priorities of their states. As states plan how to utilize their funds, however, they may discover the need to increase spending in one area (such as child care) and reduce spending in other areas (such as cash assistance.) Unfortunately, the block grant funding allocations cannot

automatically adjust for these changes in state policies, forcing states to spend federal dollars inefficiently. Permitting states to transfer funds between block grant enables states to make adjustments consistent with their program priorities and avoid wasteful spending. Without transferability, block grants would institutionalize existing state spending patterns that may be inconsistent with a state's intended innovation and reform. For these reasons states should be permitted to transfer up to 30% of funds between the block grants created by the Senate.

RECOMMENDED TECHNICAL OR NO COST CHANGES TO FINANCE COMMITTEE BILL

(changes noted in strikeout or bold italics; all page references are to May 23rd Chairman's substitute)

Technical changes

ISSUE: The purpose and state plan sections make no reference to child care for the working poor. These sections read as if the block grant includes only AFDC and JOBS funding.

CHANGE: Revise Sec. 401 and 402 to explicitly include child care for the working poor.

--p. 4, line 14 revise to read "minor children, *including cash benefits and child care*;

--p. 5, line 16, add a new (iii)

and

(iii) provide child care assistance to needy families with no less than 1 minor child.

ISSUE: The bill requires that a single state agency administer all of Title I. This is problematic because many states currently administer child care programs for low income working families from agencies other than the welfare agency. In addition, a number of states wish to consolidate their welfare-to-work programs with other workforce development programs and in those states the welfare agency would not administer the welfare-to-work program.

CHANGE: Strike Sec. 402 (a)(8) by deleting lines 18-23 on p. 7.

* **ISSUE:** The work requirements appear to apply to any family receiving any cash aid under Title I, including cases where neither parent is part of the welfare case and cases where the family is receiving only emergency assistance. H.R. 4 exempted "child only" cases from the work requirements; the Senate bill does not exempt them. Typically these children are being cared for by a relative rather than being sent to a foster home. Making these relatives subject to work requirements would create a disincentive to them taking care of these children and might increase foster care placements. Emergency assistance is typically one-time cash assistance, so it doesn't make sense to include such aid in the participation rate calculation.

CHANGE: Revise Sec. 402(1)(B) and Sec. 404 to apply only to parents in families receiving cash assistance, and not to cases where neither parent is present or emergency assistance cases:

--p. 5, line 17 revise to read "require parents receiving *cash* assistance"

-- p. 23, line 8, revise to read: "receiving cash assistance under the state's program of cash assistance funded under this part during the month *which include a parent who has attained the age of 18.*"

* **ISSUE:** Similar issue to the work requirement one described above—the five-year time limit appears to apply to "child only" cases and to families receiving emergency assistance. In addition, the five-year limit appears to apply to families who have received only child care so that it would have the effect of barring cash assistance to a working family that has never received welfare before but has simply been give a child care subsidy.

CHANGE: Revise Sec. 405 to apply only to parents in cash assistance cases, and not to cases with no parent, or families who have received only child care or emergency assistance.

--p. 27, line 15, revise to read "~~paragraph (2)~~ *paragraphs (2) and (3),*"

--p. 27, line 24, add a new (2) and renumber accordingly.

(2) EXCEPTION FOR CHILD CARE, EMERGENCY ASSISTANCE, AND CASES WITH NO PARENT PRESENT.—Paragraph (1) shall not apply to families which do not include a parent or to families who are receiving only noncash or emergency assistance benefits under this part.

ISSUE: The prohibition on medical services is so broad that it would preclude states from assisting recipients with expenses necessary for work that may not be covered by Medicaid. These expenses might include, for example, prescription glasses or dental care. This prohibition was added in the House and was meant to prevent block grant funds from being used for abortion-related services.

CHANGE: On p. 11, line 1 revise to read “*reproductive* medical services”

ISSUE: The limit on maximum loans has been made cumulative here, rather than applying to a loan taken out in any single year as in H.R. 4. The result is a much more strict limit than in H.R. 4 and it is not necessary given CBO’s estimate that only a few states each year will experience economic downturns over the next five years.

CHANGE: p. 16, lines 14-15 revise to read “The ~~cumulative~~ amount of any loans *loan* made to a State...”

ISSUE: The language regarding fugitive felons appears to prohibit states from giving assistance to fugitive felons or parole violators whether or not the state knows that a family they are aiding falls into one of these categories. This could result in federal disallowances of state spending in such cases after the fact even when the state had no way of knowing that the family was ineligible.

CHANGE: p. 29, line 6 revise to read “individual if during such period *the state has knowledge that* such individual is—”

ISSUE: Penalty for failure to secure cooperation in establishing paternity. The bill requires a five percent reduction in a state’s block grant allocation if the Secretary finds that a state failed to ensure the cooperation of a family in establishing paternity or in assigning child support rights to the state.

This provision appears to penalize states regardless of whether a state made a reasonable effort and followed appropriate procedures to secure a family’s cooperation. In such instances, a family’s failure to cooperate should not result in a penalty to the state.

The penalty for failing to secure cooperation is excessive and fails to acknowledge that a parent may believe there are extenuating circumstances which may preclude his or her cooperation in establishing paternity. Additionally, the bill already provides for a separate penalty for a state which has not complied substantially with paternity establishment and child support enforcement requirements under Title IV-D.

CHANGE: Either delete the entire section, Section 403(e)(4) or revise the language to read (page 14, line 12)

--If the Secretary determines that a State program funded under this part fails to *follow established procedures* to ensure that ~~a family~~ *families* receiving assistance under such program cooperates with the State agency administering the State plan approved under Part D--

ISSUE: Access to IRS data. The Senate bill fails to include a provision which would permit access to IRS data for private companies working under contract for IV-D agencies. Many states are moving toward privatization of certain functions of their child support enforcement program in an effort to perform services more effectively and efficiently. However, current rules make it difficult for these private entities, operating under contract with state IV-D agencies, to gain access to needed IRS data, thus hampering collection efforts.

CHANGE: Amend Section 6103(i)(6)(A)(ii) of the Internal Revenue Code of 1986 to permit disclosure of IRS tax return information to private entities operating under contract with state and local IV-D agencies.

Other no cost changes

ISSUE: The bill allows job search to count toward meeting the work requirements **only** for the first four weeks that a family is receiving assistance. There is no sound policy rationale for this restriction; in fact, state experience with the JOBS program would suggest that it is critical for families to engage in job search activities at regular intervals throughout the time they participate in welfare-to-work activities.

CHANGE: Allow job search, job readiness and job placement to count toward meeting the work requirements for up to three months per year per family. This would ensure that states can require job search at appropriate and regular intervals, such as at the beginning of a welfare spell or as a recipient finishes each program component.

--p. 23, line 18-21, revise to read "~~(or, in the case of the first 4 weeks for which the recipient is required under this section to participate in work activities~~ **for no more than three months of each year**, an activity described in clause (iii), (iv), or (v) of such section).

earlier option

FOR IMMEDIATE RELEASE:
June 15, 1995

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**City Officials Skeptical, Worried About Impacts of Welfare Reform Legislation;
Most Cities Fear Additional Local Burdens; Little Consultation Found in NLC Survey**

Four out of five city leaders (80 percent) fear that federal efforts to redesign welfare programs are likely to shift more of the welfare burden onto local communities. They also are skeptical that many of the heralded outcomes of welfare reform will occur.

Although most cities are not directly involved in administering welfare programs, more than 80 percent of the cities responding to a survey conducted by the National League of Cities said individuals and families on welfare place a major burden or some burden on local resources for services such as education, emergency assistance and public safety.

The NLC survey included 105 cities, 48 with populations above 100,000. The survey was conducted just after the House of Representatives completed action on welfare reform legislation (H.R. 4) and as the U.S. Senate was beginning to draft a welfare reform bill.

While 20 percent of the cities said they thought current welfare reform proposals would achieve lasting improvements, 50 percent doubted that would happen. Nearly 26 percent felt the proposed changes would encourage and enable individuals and families to better cope for themselves; 38 percent did not think that would occur. Only 14 percent thought the proposed welfare reforms would reduce the number of people in poverty, while 62 percent felt that would not happen.

"Genuine welfare reform can provide real help to people who really need it, and many of them live in our nation's cities and towns" said NLC President Carolyn Long Banks, councilwoman-at-large of Atlanta. "City leaders throughout the America want to help bring about reforms to end welfare as we know it, but that challenge will not be met if one level of government simply transfers responsibilities, but not resources, to another level of government."

(more)

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More than half of the cities said there would be unfavorable impacts resulting from 10 changes that are major issues being considered under current welfare reform proposals:

- eliminating guarantees of breakfast and lunches for needy children (85 percent)
- eliminating foster care entitlements for children (82 percent)
- reducing Food Stamp benefits (77 percent)
- not requiring states to provide education or training to those on welfare (74 percent)
- eliminating entitlement to AFDC (73 percent)
- not guaranteeing child care for parents required to work (73 percent)
- prohibiting single mothers under age 18 from receiving cash benefits (67 percent)
- eliminating or reducing Supplemental Security Income benefits (66 percent)
- denying benefits to children born to parents already receiving welfare (63 percent)
- curtailing benefits to newborns if mothers already receive child benefits (52 percent)

Fewer than one in four cities (22 percent) said their congressional delegation or staff has consulted with them about the likely effects of welfare reform. Although state governments are designated to assume responsibility for welfare programs under H.R. 4, only 14 percent of the cities said their state government has consulted with them about welfare issues.

"We believe local governments must have an opportunity to work with Congress and the states to design and carry out programs that can be tailored to the needs of the local community," said Banks. "We earnestly hope the Senate will include this role for cities."

When cities were asked to select three issues of most concern to them if they could advise Congress on welfare reform, the top issues selected from a list of major changes were:

- eliminating entitlement to AFDC (49 percent)
- not requiring states to provide education or training to those on welfare (31 percent)
- not guaranteeing child care for parents required to work (30 percent)

The next three issues, each mentioned by 25 percent of respondents, were:

- reducing Food Stamp benefits
- eliminating guarantees of breakfast and lunches for needy children
- eliminating foster care entitlements for children

City leaders broadly supported three goals of proposed welfare reforms, even though many also expressed doubts that the objectives of work requirements would be realized. They anticipated favorable impacts as an intended outcome of:

- improving child support enforcement (82 percent)
- requiring 50 percent of single parents on welfare to obtain jobs by 2003 (64 percent)
- requiring unmarried teenage parents to live at home until age 18 (43 percent)

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Comparing responses about work incentives to the outlook for available jobs illustrates the misgivings of city leaders. While 37 percent agreed that current welfare reform proposals would provide work incentives for welfare recipients in their cities, 27 percent disagreed with that assumption, and others were unsure. When asked whether there would be sufficient job opportunities in their community to employ welfare recipients required to find work, only 31 percent felt the jobs were available, while 40 percent did not think sufficient job opportunities existed, and 29 percent were unsure.

"Achieving the transition from welfare to work involves education, training and support services that will enable working parents to keep a job," said Banks. "Solutions that lack a realistic employment strategy and essential support services are dead-end strategies. They will leave families destitute, and they will create crushing new social and cost burdens on cities.

"If work requirements are written into welfare reform, the National League of Cities believes that measures to provide affordable child care must also be part of the program," Banks added. "We would also like to see initiatives that encourage education and training, so that individuals and parents can aspire to employment opportunities beyond minimum-wage jobs. If our nation is serious about moving from dependence to real self-sufficiency, that's the only way to do it."

More city officials were skeptical than optimistic in their expectations for several aspects of state-administered welfare programs. Twenty-six percent felt their state would do a good job of designing welfare programs, 35 percent disagreed, and 36 percent weren't sure. Twenty-two percent felt their state would do a good job of allocating welfare funding equitably, 38 percent disagreed, and 37 percent weren't sure. Seventeen percent felt their state would do a good job of working with the city in designing programs and allocating funds, 43 percent disagreed, and 37 percent weren't sure.

When asked how current welfare reform proposals would most likely affect a list of 15 indicators of community conditions, half or more of the cities anticipated worsening conditions for seven of those indicators: health status of children (60 percent), homelessness (58 percent), poverty (56 percent), child abuse (56 percent) care for special needs children (55 percent), services to legal immigrants (55 percent), and child care for working mothers (52 percent).

Fewer than 30 percent anticipated improving conditions for any of the indicators, and only in four instances did improved expectations exceed worsening concerns: unemployment (29-vs.-21 percent), out-of-wedlock births (27-vs.-9 percent), teen pregnancy (23-vs.-10 percent), and creating more jobs (21-vs.-11 percent).

Local News Media Contacts for Inquiries Regarding NLC Welfare Reform Survey*(A listing of survey respondents who said they could offer additional comments.)*

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Shirey Martel, Social Service, Plainfield, 203/564-5817
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Florida: Glenda E. Hood, Mayor, Orlando, 407/246-2221
Tim Riggs, Social Services, Titusville, 407/268-6000

Illinois: Richard C. Weis, Mayor's Office, Freeport, 815/235-8200

Kansas: Thomas Owens, Councilmember, Overland Park, 913/381-5252

Kentucky: Bill Cherry, City, Murray, 502/762-0352

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Tennessee: Michael J. Miller, Metro Soc. Svcs., Nashville, 615/862-6400

Texas: Dot Stafford, Mayor, Pecos, 915/445-9444

Virginia: Patricia Ticer, Mayor, Alexandria, 703/838-4930

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THE IMPACTS OF WELFARE REFORM IN AMERICA'S CITIES AND TOWNS

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A Research Report of the National League of Cities

The Impacts of Welfare Reform in America's Cities and Towns

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The Impacts of Welfare Reform in America's Cities and Towns

STUDY HIGHLIGHTS

The debate over welfare reform appears to have missed a fundamental, and pivotal, aspect of current conditions and future impacts. America's welfare population resides mostly in our cities and towns. Many cities, regardless of whether they are directly involved in the administration of welfare programs, already shoulder some burden in providing for the needs of that population. By an overwhelming margin, local officials in cities believe current welfare reform proposals will wind up shifting additional burdens to local government resources and communities.

- More than 80 percent of cities indicate that the current welfare recipient population places a major burden or some burden on local resources already.
- 81 percent of cities say that current welfare reform proposals are likely to shift the welfare burden to local communities.

The concerns of the nation's cities and towns have gone virtually unheard thus far in the national debate over welfare reform. This survey by the National League of Cities was conducted to assess the views of cities and towns and present a representative perspective about the likely impact of current welfare reform proposals.

- Only 22 percent of cities reported that their Congressional delegation or their staff consulted with the city (mayor and/or city council) about the likely effects of welfare reform on the community.
- Only 14 percent of cities reported that their state government consulted with the local government of the City (mayor and/or city council) about the likely effect of federal welfare reform on the community.

Cities are skeptical about the likelihood of current welfare reform proposals achieving major positive outcomes. The responses revealed that:

- Only one fifth (20%) of cities believe that the current welfare reform proposals are likely to achieve lasting improvements in welfare assistance programs. Fifty percent of cities do not believe this, and 29 percent are not sure.
- 62 percent of cities do not think that current welfare reform proposals are likely to reduce the number of people in poverty.
- Only 26 percent of cities believe that current welfare reform proposals are likely to encourage and enable individuals and families to better cope for themselves.
- 64 percent of cities agree that the current welfare reform proposals would not change the incidence of teenage pregnancy.

The Impacts of Welfare Reform in America's Cities and Towns

INTRODUCTION

It is in America's cities, towns and communities that welfare reform will actually have its effects "on the ground." Findings from a new NLC research study suggest that claims made about the likely positive outcomes from welfare reform are not shared by a majority of America's cities.

This research study captures several of the major issues currently being debated about the effects of welfare reform on cities and their welfare recipient populations. Cities do not appear to be impressed with the likely effects claimed in the current welfare reform debate. There is also concern about the ability of the local economies to generate enough jobs, and whether the incentives proposed under the current welfare reform proposals will provide an incentive to work. At the time this survey was conducted (May 1995), the U.S. House of Representatives had passed its version of welfare reform.

The National League of Cities study reflects the views of local officials about the likely effects of welfare reform on the nation's communities. A broad cross section of America's cities and towns are represented in the study. Fifty-four percent of the cities responding to this study had populations between 10,000 and 100,000, and 46 percent had populations greater than 100,000. Nineteen of America's 50 largest cities with populations over 300,000 were also represented in this study. The average size of cities responding to the survey was 221,000. Findings are statistically significant at a 95% level of confidence, +/- 10%, and reflect the informed views of local officials about the likely impacts of federal welfare reform on city resources and community conditions.

SURVEY RESEARCH FINDINGS

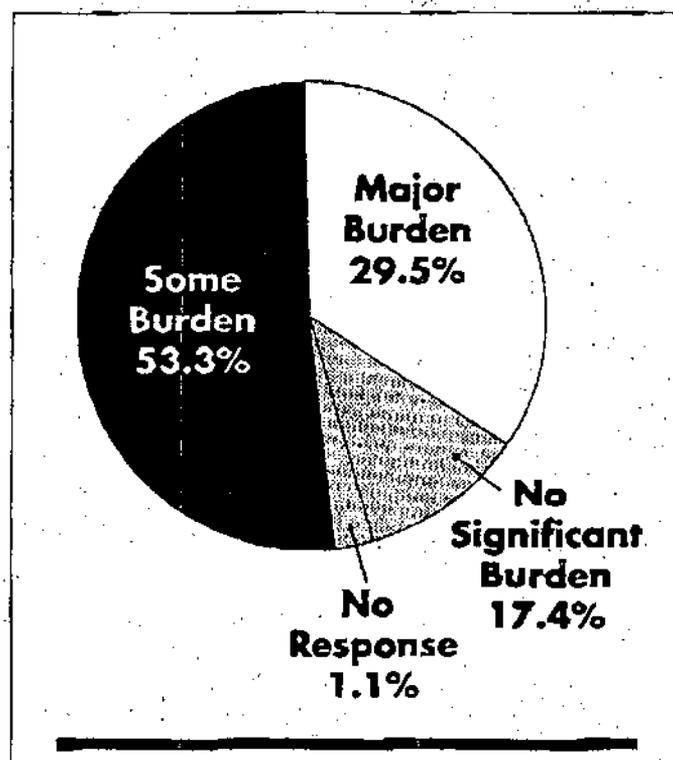
Cities were asked to describe whether the percentage of their population receiving welfare benefits was larger than average, average, or smaller than average. Respondents were evenly divided on this question. Thirty-seven percent of cities described their recipient population as average, while another 36 percent described the city welfare recipient population as greater than average. Only 24 percent of cities indicated that their welfare recipient population was smaller than average.¹¹

¹¹ The question also lists examples of the kinds of welfare programs that legal residents receive. Such programs include AFDC, SSI, WIC, food stamps, et al. AFDC is the single largest cash assistance program in the "welfare system." In 1970, 1.9 million families received AFDC assistance; by 1992 more than 4.6 million families were enrolled, including 9.1 million children—one child of every seven under the age of 18. SSI is the second largest cash assistance program, with 9.1 million recipients, some of which are special needs children, and the aged (Dolgoff, 1995). Both AFDC and SSI recipients are also eligible for Medicaid. Emergency Assistance and General Assistance are two other programs that are part of the welfare system. Given these different and overlapping programs it would have been difficult to ask cities to give a single numerical percentage. Also most of the data on recipient populations are not kept by cities, even though a large percentage of welfare recipients reside in America's cities and towns.

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While welfare recipients generally receive direct cash benefits and in-kind services from state and county governments, they also place demands on city government public services, such as education, emergency assistance, and public safety. Cities were asked to assess the overall burden of welfare recipients on local resources, regardless of the jurisdiction providing such services. In this context, 83 percent of cities reported that welfare recipients placed either a significant burden or some burden on local resources, regardless of the jurisdiction providing the service. Less than one-fifth (16%) indicated that welfare recipients were no significant burden on local resources. Figure 1 shows the breakdown for all responses.

**Figure 1: Welfare Burden on Local Government Resources,
Regardless of Jurisdiction**

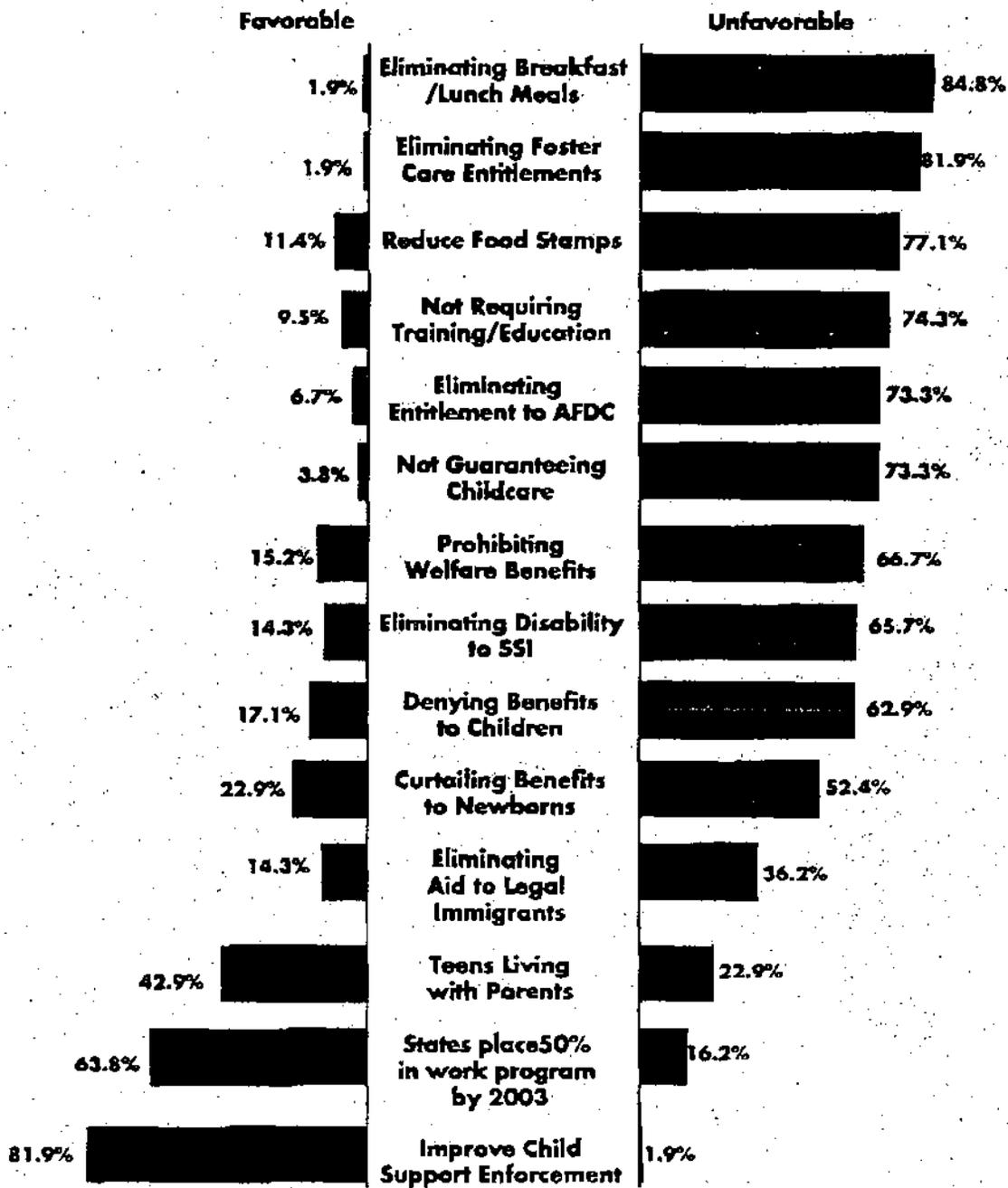


IMPACTS OF WELFARE REFORM PROPOSALS

The House-passed welfare reform legislation (H.R. 4) would change how welfare services would be provided. Cities were asked to assess the probable impact of 14 changes that have been part of the legislative discussion. Figure 2 compares the percentage of cities reporting an unfavorable impact from the proposals with the percentage of cities reporting a favorable impact

The Impacts of Welfare Reform in America's Cities and Towns

Figure 2: Comparing "Favorable" and "Unfavorable" Impacts of Welfare Reform Proposals



National League of Cities Research Report

from the proposals. Eliminating the guarantee of breakfasts and lunches for needy children was most often mentioned as the welfare reform proposal likely to have an unfavorable impact on cities. Eighty-five percent of cities chose this response. Other proposals in Figure 2 mentioned often as likely to have an unfavorable impact on cities were: eliminating the entitlement for foster care for abused and neglected children (82%); reducing food stamp benefits (77%); and eliminating entitlement to AFDC (73%).

A few proposed welfare changes would appear to have relatively little impact on communities. Forty-nine percent indicated that "eliminating aid to legal immigrants who are non-citizens" would have no impact on the community.⁽²⁾ One-third (31%) of cities indicated that "requiring unmarried teenagers parents to reside with their parents until age 18" would also have no impact on communities. With regard to all the other reform proposals, less than 1 in 4 cities said they would have "no impact" locally.

Cities were very clear about what proposed changes are likely to have a favorable impact on communities. Eighty-two percent indicated that "improving child support enforcement methods" would have a favorable impact on communities. Two-thirds (64%) believed that "requiring that states place 50% of single parents receiving welfare in work programs" would have a favorable impact.⁽³⁾ However, nearly 70 percent (68.6%) of cities said they were either not sure about jobs for welfare recipients, or they believed there would not be enough jobs available (See Figure 9). Forty-three percent said "requiring unmarried teenage parents to reside with their parents until age 18" would also have a favorable impact in cities.

City Priorities for Congress

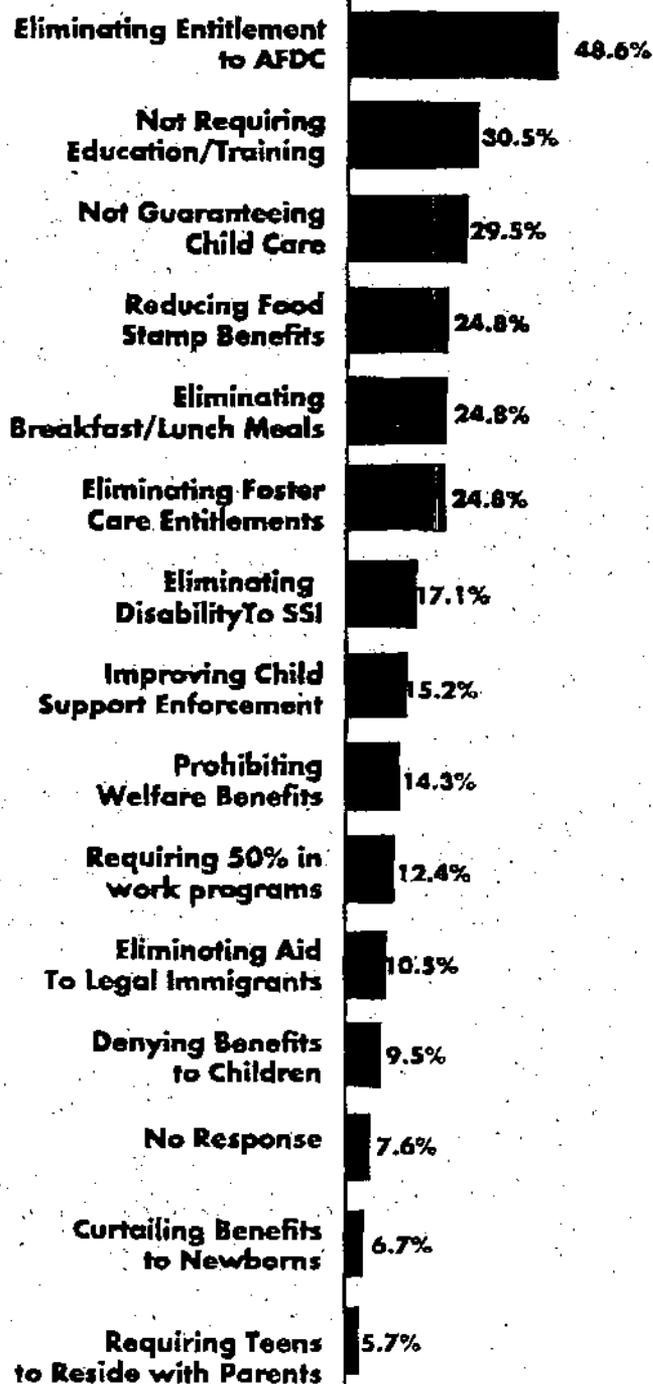
If cities could advise Congress on the proposed changes in welfare, what welfare proposals currently being debated would be of most concern? The top three proposals (see Figure 2) most often mentioned as being of "most concern" to cities were: eliminating entitlement to AFDC (49%); not requiring states to provide education and training to welfare recipients (31%); and not guaranteeing child care for parents who are required to work (30%). Figure 3 shows the fourteen proposals from Figure 2 by the percentage of cities reporting them to be among the top three proposed changes of "most concern."

⁽²⁾ Cities with smaller populations located in regions of the country where immigrant populations are less likely to live, are more likely to indicate that eliminating aid would have "no impact".

⁽³⁾ Findings suggest that cities and towns do not support welfare reform proposals likely to have unfavorable impacts on communities, especially on children, and on families. On the other hand, cities see providing income to families through collecting child support, in combination with work as having favorable impacts on communities. In terms of collecting child support, there is research that shows the ability of some non-custodial fathers to pay is related to poverty status, race, and the fact that many of the men who cannot pay are the fathers of children on AFDC currently (Sorensen, 1994). Cities therefore must still contend with the issues of poverty, race and jobs in addressing the additional effects of welfare reform on their communities, and the burden these conditions place on local government resources.

The Impacts of Welfare Reform in America's Cities and Towns

Figure 3: Welfare Proposals of "Most Concern" to Cities

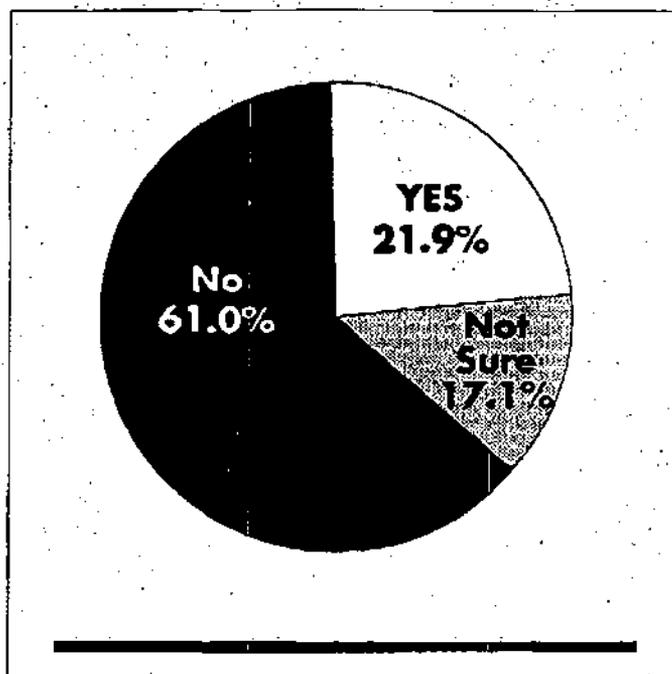


National League of Cities Research Report

FEDERALISM/CONSULTATION

Has Congress been listening to or consulting with America's cities and towns on the welfare reform debate? Twenty-two percent of cities reported that their Congressional delegation or their staff consulted with the local government of the city (mayor and/or city council) about the likely effects of welfare reform on the community. Figure 4 shows all responses. City responses clearly indicate that Congress has done a poor job of effectively utilizing the federal intergovernmental system to include cities and towns in the decision making process around welfare reform.

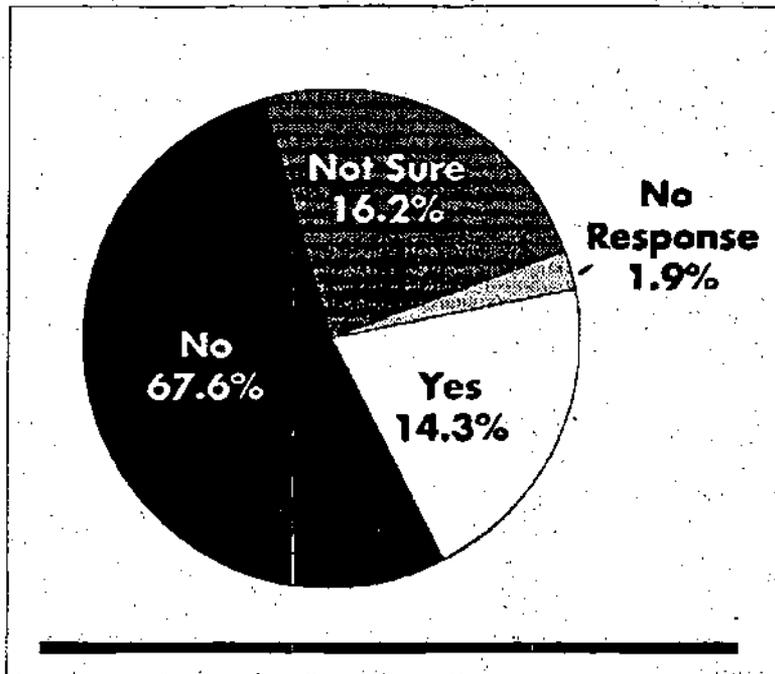
Figure 4: Did Congress Consult with Cities on Welfare Reform?
Congress Makes Poor Use of Federalism



The Impacts of Welfare Reform in America's Cities and Towns

Figure 5: Did State Government Consult with Cities on Welfare Reform?

State Governments Make Poor Use of Federalism



Has state government been better at consulting with cities on the welfare reform debate? Cities were asked if their state government had consulted with them (mayor and/or city council) about the likely effects of federal welfare reform on their community. Only 14 percent of cities reported that state government had consulted them. Figure 5 shows all responses.

NEW STATE ROLES

The federal government manages or directs the welfare system, while states, counties, and some cities administer the programs. Under the current welfare reform proposals, states will become more fully responsible for designing programs and allocating funds for such programs. Cities were asked to assess to what extent they agreed with the statements "my state will do a good job of (a) designing welfare programs (b) equitably allocating funds for welfare programs, and (c) working with cities in designing programs and allocating funds." Figures 6, 7, and 8 show the percentage of cities responding that agreed, disagreed, and were not sure that their state would do a good job on (a) (b) and (c). Less than one-third of cities agreed that their state would do a good job in any of the three areas associated with implementing welfare reform at the local level.

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Figure 6: Do You Agree or Disagree that Your State Will Do a Good Job of Designing Welfare Programs?

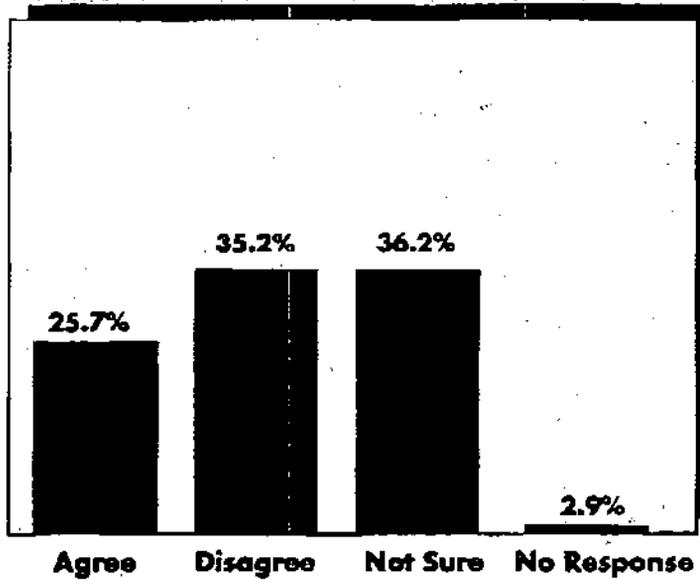
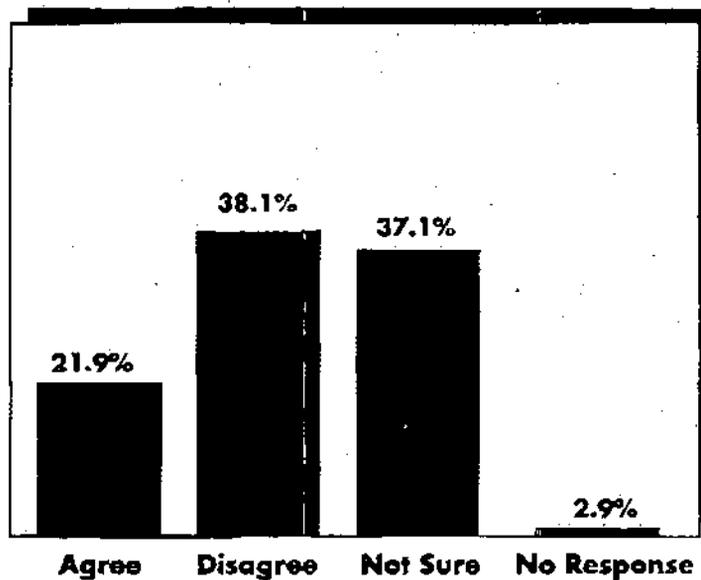
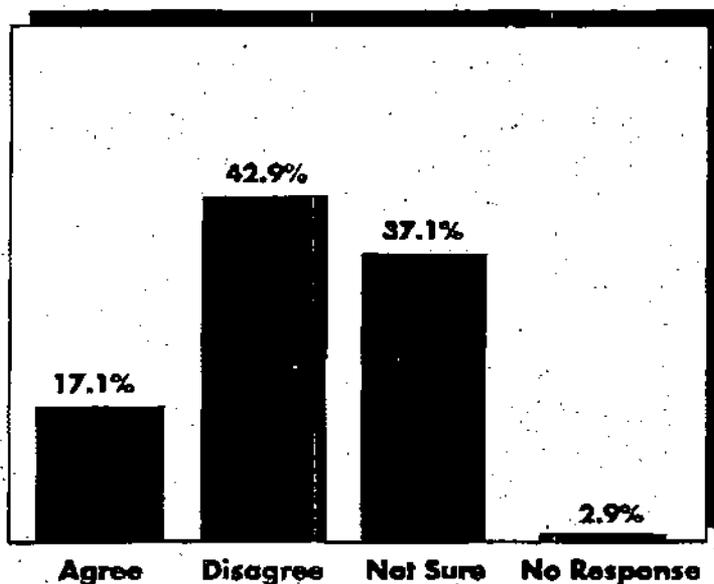


Figure 7: Do You Agree or Disagree that Your State Will Do a Good Job of Allocating Welfare Funds Equitably?



The Impacts of Welfare Reform in America's Cities and Towns

Figure 8: Do You Agree or Disagree that Your State Will Do a Good Job of Working With Your City on Designing Welfare Programs and Equitably Allocating Funds?



WORK AND JOBS

Will there be enough employment opportunities in cities and towns for the 50 percent of welfare recipients required to be in work programs currently and by the year 2003? And is welfare reform likely to provide an incentive for city and town welfare recipients to work? Responses from cities are about evenly divided. Forty percent of cities indicated that there will not be sufficient employment opportunities in their community to employ welfare recipients required to work. Thirty-one percent think there will be enough jobs and twenty-nine percent are not sure about the job outlook. Figure 9 shows the breakdown of responses.

Cities were also split about whether welfare proposals would provide an incentive for welfare recipients to work. In this regard, thirty-seven percent of cities believed that current welfare reform proposals would provide an incentive for welfare recipients to work, while thirty-four percent were not sure about the effect of welfare reform on work incentives. Figure 10 shows the breakdown of these responses.

National League of Cities Research Report

Figure 9: Will There be Enough Jobs for Welfare Recipients in the Future?

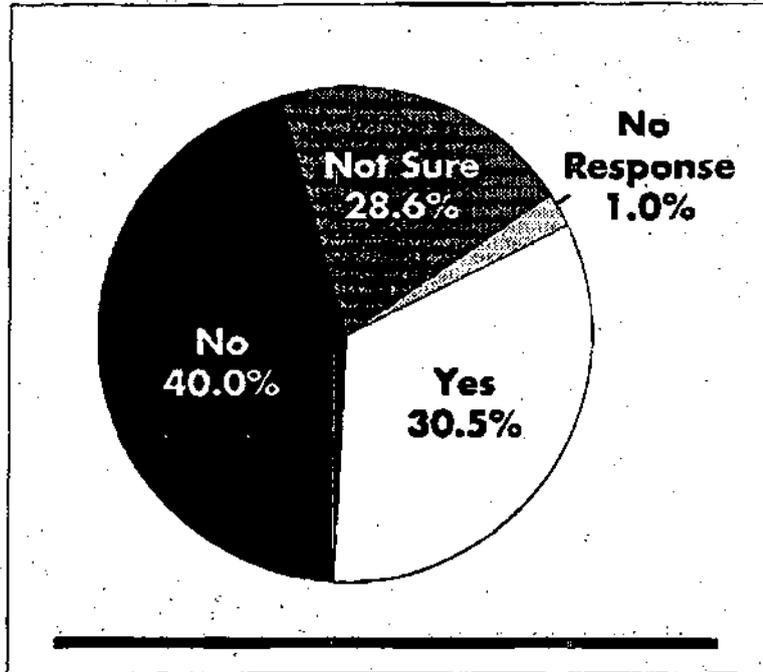
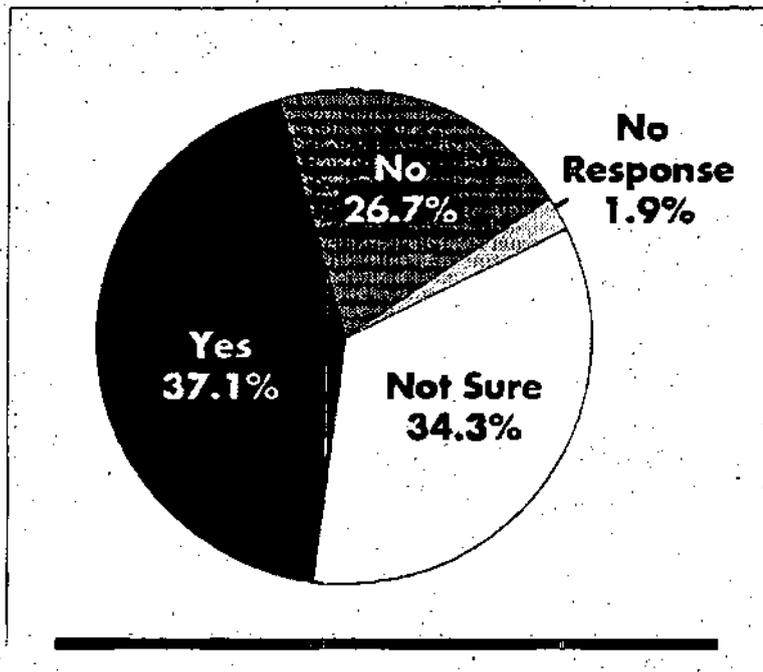


Figure 10: Will Welfare Recipients Have an Incentive to Work?



The Impacts of Welfare Reform in America's Cities and Towns

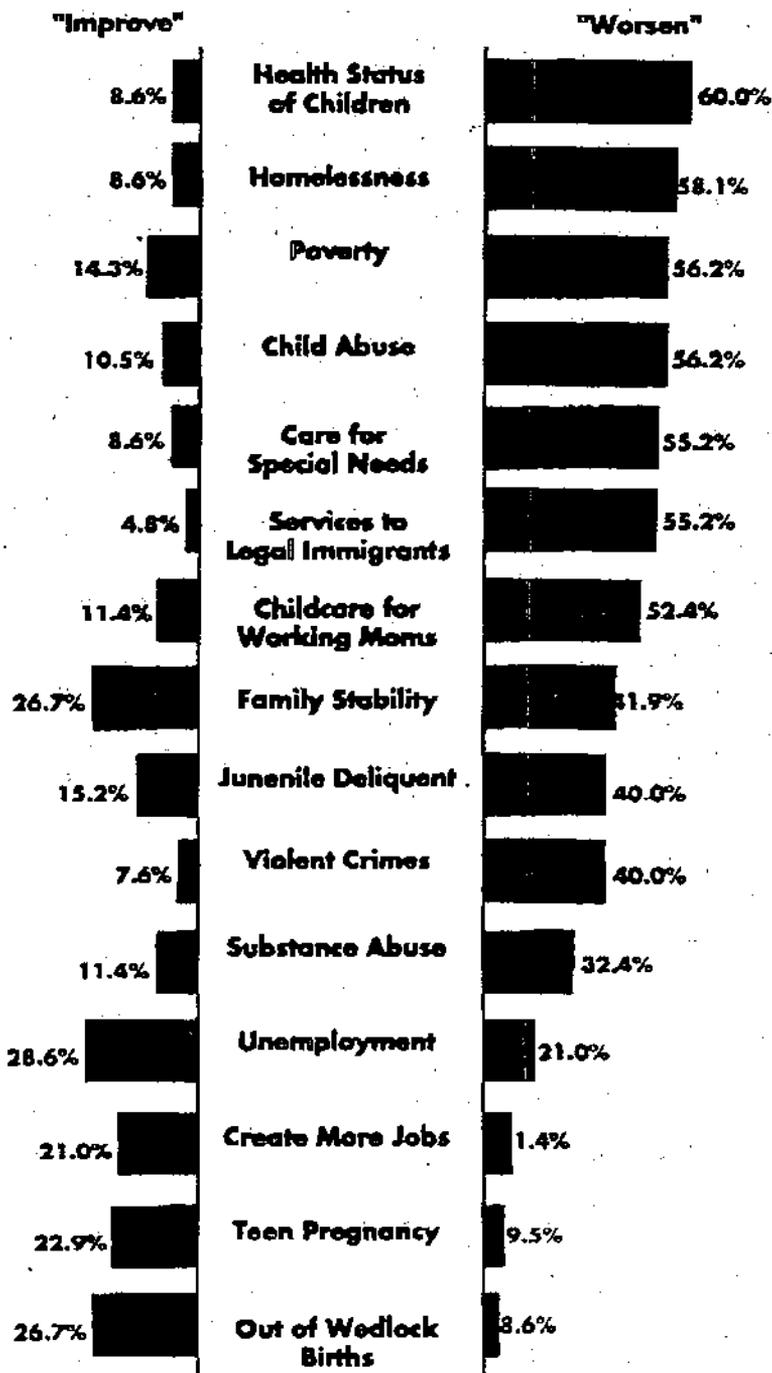
IMPACTS ON COMMUNITY CONDITIONS

Many American cities and towns contend with a range of community conditions that can affect the quality of urban life. Cities were asked to consider how the current welfare reform proposals would most likely affect the incidence of fifteen (15) community conditions. Would these 15 community conditions most likely improve, worsen, or not change in response to the proposed federal welfare reform legislation. Over half of cities reported that the current welfare reform proposals would most likely worsen the following community conditions: health status of children (60%), homelessness (58%), child abuse (56%), services to legal immigrants (55%), poverty (56%), care for special needs children (55%), and child care for working mothers (52%). Four out of 7 of these community conditions relate directly to the concerns of children.

Cities did not believe that the current welfare reform proposals would affect the incidence of all the community conditions mentioned. More than 3 out of 5 cities believe welfare reform will not change the incidence of teenage pregnancy (64%), or out of wedlock births to teenagers (60%). More than 45 percent of cities also believe welfare reform will not change the incidence of substance abuse (51%) or unemployment (46%). On the other hand, fewer than one in three cities reported that welfare reform proposals would likely improve the incidence of any of the 15 community conditions listed. Figure 11 shows a side-by-side comparison of the 15 community conditions. The incidence of community conditions are reported in descending order of "worsening" responses.

National League of Cities Research Report

**Figure 11: Will Welfare Reform Proposals
"Worsen" or "Improve" Community Conditions?**



The Impacts of Welfare Reform in America's Cities and Towns

OTHER MAJOR OUTCOMES

One-half of cities did not agree with the statement that current welfare reform proposals are likely to achieve lasting improvements in welfare assistance programs. Another 29 percent were not sure if the desired outcome would likely take place. Only one-fifth agreed that the desired outcome would likely be achieved.

In terms of reducing poverty, 62 percent of cities did not agree with the statement that current welfare reform proposals are likely to reduce the number of people in poverty. Another 22 percent were not sure, and only 14 percent agreed that current welfare reform proposals would likely achieve the desired outcome of reducing the number of people in poverty.

Cities were overwhelmingly clear about the likely shift of the welfare burden to local communities. Eighty-one percent of cities agreed with the statement that current welfare proposals are likely to shift the welfare burden to local communities. Only 8 percent did not agree with the statement, and another 11 percent were not sure if the current welfare proposals would shift the burden to local government.

Cities were split on whether welfare reform proposals would encourage and enable individuals and families to better cope for themselves. While 38 percent did not agree that welfare reform would likely provide a basis for improving individual and family coping skills, nearly as many cities (34%) were not sure, and slightly more than one-fourth (26%) agreed.

These findings suggest that the many sweeping claims made about major positive outcomes from welfare reform are not shared by America's cities and towns.

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APPENDIX I

METHODOLOGY

U.S. cities and towns used in this study were taken from the National League of Cities (NLC) database of cities as of May 1, 1995. All cities over 100,000 population were surveyed, and a random sample of cities between 10,000 and 100,000 were drawn using the random numbers generator program in SPSS/PC+ 5.0.2. Seven hundred cities were mailed copies of the survey during the first week of May 1995.

One hundred and five cities responded for a 15% response rate. The level of confidence for this study is 95% +/- 10%. This means that in 95 out of 100 cases, any sample of cities drawn from the universe of U.S. cities and towns would respond the same way to the survey questions as cities in this survey did, within a range of 10 percent.

NLC's cities database contains 209 cities with populations greater than 100,000. Four hundred and ninety one (491) cities with populations between 10,000 and 100,000 were also randomly selected from the NLC cities database.

The survey was conducted by the National League of Cities, Center for Research and Program Development with the assistance of Stratton Publishing and Marketing, Inc., in Arlington, VA. Herbert Green, NLC's Research Manager prepared the survey questionnaire and wrote the study with special assistance from Barrie Tabin, Randy Arndt, and Doug Peterson. Angela Angerosa, Research Director at Stratton Publishing, coordinated the coding and tabulation of the survey results.

The Impacts of Welfare Reform in America's Cities and Towns

APPENDIX II

SUMMARY OF SURVEY RESULTS

National League of Cities Welfare Reform Survey — May 1995

Local Official Responding on Behalf of the City

	TOTAL	TOTAL RESPONSES
		105
MAYOR/DEPUTY MAYOR/VICE MAYOR	35.2%	37
CITY DEPARTMENT HEAD	47.6%	50
CITY MANAGER	10.5%	11
OTHER	5.7%	6
NO RESPONSE	1.0%	1

QUESTION 1: How would you describe the percentage of your city's population receiving welfare benefits?

	TOTAL	TOTAL RESPONSES
		105
LARGER THAN AVERAGE	36.2%	38
AVERAGE	37.1%	39
SMALLER THAN AVERAGE	23.8%	25
NO RESPONSE	2.9%	3

QUESTION 2: How would you describe the overall burden of welfare recipients on local resources, regardless of the jurisdiction providing the services?

	TOTAL	TOTAL RESPONSES
		105
A MAJOR BURDEN ON LOCAL RESOURCES	29.5%	31
SOME BURDEN ON LOCAL RESOURCES	53.3%	56
NO SIGNIFICANT BURDEN ON LOCAL RES.	16.2%	17
NO RESPONSE	1.0%	1

*Embargoed
until 12:38 PM*

Remarks of
FLORIDA GOVERNOR LAWTON CHILES
National Press Club
May 11, 1995

Thank You.

I spent 18 years here as a member of the United States Senate -- but, I don't recall any more misleading newspaper headlines than some I've been seeing with a Washington dateline lately:

"GOVERNORS SUPPORT WELFARE BLOCK GRANT"

"GOVERNORS ENDORSE MEDICAID BLOCK GRANT"

"GOVERNORS APPROVE OF BLOCK GRANTING SCHOOL LUNCH"

I'm here today because I didn't get polled -- and I keep wondering who the "governors" are in these gushing endorsements.

So, let me introduce myself : I am Governor Lawton Chiles -- the Governor of Florida -- a state with 13.5 million people.....fourth largest in the country.

We have a saying where I come from -- "It's a sorry frog who won't holler in his own pond." Well, on behalf of the people of Florida -- and the folks in other growth states -- I'm here to holler today.

On the surface, the concept of block grants sounds fine -- more flexibility and more power shifted to the states. But this so-called "formula for the future" that Congress is mixing more likely represents a "prescription for disaster" for growth states like Florida.

OPTIONAL FORM 99 (7-90)

FAX TRANSMITTAL

of pages *14*

To <i>Bruce Reed</i>	From <i>John Monahan</i>
Dept./Agency	Phone # <i>190 6060</i>
Fax #	Fax #

Shifting new responsibility to the states without a fair, equitable shifting of resources is NOT any kind of "New Federalism." It is a shallow attempt to balance the federal budget on the backs of the states -- and, even worse, on the backs of children, the elderly, the poor and the sick. That's just plain wrong.

It's time to look at the reality of how this plan hurts states like Florida and the people who can least afford it. And, it's time to listen to the real message this proposal sends:

- 1 It says the children in Florida are not valued as much as the children of Michigan.
- 2 It says the elderly in Texas are not worth as much as the seniors in Wisconsin.
- 3 It tells the poor and the sick in Arizona they won't receive the same level of care as the poor and the sick in Massachusetts.
- 4 And, it says federal support won't accompany the children and families, the elderly, the poor and the sick who move to Florida or other growth states. Florida and the other growth states will have to pick up the costs.

The current block grant plan does not work for all of America because it fails to pass four simple tests:

- 1) It does not treat all citizens in each of our states the same way.

It favors some states over others.

- 2) It does not establish a fair and equitable funding system.

It imposes a plan for fiscal injustice on many states.

- 3) It does not reward states making a real commitment to reform and improved management of programs.

It discourages reform states by rewarding states that have not improved efficiency; in fact, the plan locks-in inefficiency in their programs.

4) It does not set and maintain an appropriate, basic national standard for the care of children and others in need.

It establishes a new class system in America.

In fact, the block grant proposal favored by Speaker Gingrich will lead to the equivalent of two countries in the place of one.

This is an ill-conceived device the Speaker developed to find money to balance the budget. He picked a few GOP governors -- Judas' goats -- to go along with the idea.

It's no wonder the governors of Wisconsin, Michigan and Massachusetts are on this bandwagon.

In this multi-year block grant, cost-of-living plan, their states are either held harmless or are delivered a jackpot, which is done at the expense of the people in growth states, like Florida.

The problem with the current block grants proposal is that it could launch a not-so-civil war of dollars among the states. If this is a fundamental part of the "Contract With America," Florida and other states have a cause of action for serious breach of contract -- and a breach of federal responsibility.

Beyond the blue-skies horizon we've been told will come with this Gingrich plan, there are storm clouds ahead for Florida, for other growth states and for millions of Americans who deserve better from their government.

Flexibility is promised; a hammer-lock is delivered -- with real cutbacks for seven years. That's the view from Florida -- and it looks much the same for California, Texas, Arizona and some other states.

The governors endorsing this proposal obviously are from states that enjoy a "windfall." But the growth states which stand to suffer under the block grant proposal will not stand silent.

Ann Richards once said that her mama "don't know a block grant from a city block."

That's a good point. But most people can visualize a city block. So, that's how I'll share some perspective about block grants.

Let's compare three city blocks in our country: one in Florida; one in Wisconsin; and one in Texas.

All of these city blocks look very much the same:

- same number of homes
- same number of children and families
- same number of elderly residents
- a public school on one corner &
- a hospital on the other corner

As Governor, I want to make sure the people on this typical city block are treated equally and adequately. So, if Washington sends Florida block grants -- in a box, with no strings attached -- what do I do?

Florida's box from Washington will be less than half full -- but we still have a full city block of people and facilities with needs.

Wisconsin's box will be overflowing.

They can take care of the needs for all the folks on their block -- and the school and hospital, too. They might even have some money to spare for investment, I believe.

Now, Texas' box is like Florida's -- only half-full.

They'll have to make tough choices between the poor, the infirmed elderly, schools and health care. Sounds familiar.

Making matters even more difficult for the growth states is the endless trend, every day, of many poor, disabled or elderly residents on the Wisconsin city block -- or one in Michigan, New York or Massachusetts -- packing up the U-Haul and their families...and moving it all to Florida, Texas or California. They moved -- but the federal funding provided for them stayed behind.

Population increases -- from both migration and immigration -- are a real problem for the growth states.

Let me give you examples from a Florida perspective based on current block grant proposals.

MEDICAID

As you know, Medicaid is the vital life support system for our most vulnerable citizens. While most think it's mainly for poor families, the fact is that two-thirds of Medicaid funds are spent on the elderly and disabled.

That is why Medicaid costs soar in states like Florida -- long-term care is the costliest of medical care. Middle-class families in America become familiar with Medicaid when they seek care for parents who need home health or nursing home care. The fastest growing group of Medicaid recipients in Florida are people over 85.

And in the growth states, population increases across-the-board in the program -- among children, the elderly and the disabled --mean continued pressure on state budgets.

We all acknowledge it's budget concerns that are driving the Medicaid debate. So -- proposals from both the House and Senate are suggesting dramatic cuts in Medicaid from \$175 billion-dollars to \$185 billion over 7 years.

That's chilling enough. But the idea that really makes the hair stand up on the back of my neck is Medicaid block grants being capped at an average of five percent for ALL states.

Regardless of Medicaid growth beyond a state's control -- Florida's growth is about 13.5 percent -- all states would be subject to the same cap.

That idea is simply ridiculous. Let me give you an example.

As I said, Florida's growth is expected to be above the national average, due mostly to population shifts. A five percent cap over five years will result in the loss of \$5.1 billion. That's about a 30 percent reduction in the year 2000 alone.

Now, let's look at a state like Wisconsin -- a state that is seeing a decline in its population. Last week, Governor Thompson spoke before the House Budget Committee and said his state's Medicaid program is growing at four percent or less for the next several years.

So, a five percent cap is a great deal for him.

While the people in Florida, Texas and California experience severe cutbacks, Wisconsin will get a quarter-of-a-billion-dollar windfall!

Wake up, Congress! That's not fair.

America's needy people -- north or south, east or west -- are the children living in poverty; the elderly -- many from middle-class homes; the disabled and poor families. Their daily struggle would be nearly impossible without some help...the critical safety net of the federal/state partnership.

In the first year of a Medicaid block grant, the disparity among the needy in the states would be dramatic.

A needy person in Massachusetts would receive \$4,800 --two-and-a-half times as much as a needy person in Florida (less than \$2,100).

A needy person in Wisconsin would receive \$3,400 -- while a California needy person would receive \$2,000.

That level of inequity will never be acceptable to Florida or to other growth states.

Again, Florida is willing to absorb a fair share of cuts -- but, I will not let Florida families be treated with less regard than families in Massachusetts, Wisconsin or anywhere.

Dollars must follow a path to needy people -- wherever they live. When they move, the dollars should move, too.

Without a fair plan to distribute Medicaid dollars, Congress will be creating negative incentives -- incentives for irresponsibility among states that won't feel compelled to make up the difference.

Florida leads the nation in reforming Medicaid -- and we have cut the rate of growth in half and reduced the cost through managed care of Medicaid.

That approach is creating a savings of over \$1 billion a year -- almost 20 percent of our cost.

Under the House approach, we get penalized for this effort. Our base year for the block grant reflects the savings we've generated. States that have done NOTHING start out at a higher base. And, as they follow Florida with reforms, they'll get another windfall.

I'm proud of our reforms. Florida's fight to continue down the path of reform will be blocked if these inequitable caps are imposed.

Florida stands ready to share in the cuts -- and we have already gone a long way to reduce our Medicaid costs. But, I will not stand by and let other governors, who are looking to catch a windfall, speak for my state and other growth states.

If they are so intent on having the rest of us sacrifice to balance the budget, let them participate in the sacrifice, too.

If Medicaid needs to be reduced by 20 percent to meet the goals, let every state receive the same level of cut.

I have a proposal to distribute these cuts fairly. It requires sacrifice for all states -- including the low-growth ones which have the Speaker's ear. It's a plan to treat all states fairly. More importantly, it would treat our children, seniors and disabled fairly.

For years, Congress has been told by the General Accounting Office that funds in the Medicaid program are being diverted from areas of true need.

The dollars, very simply, should go where the needy live. As the Congress looks at capping the program, it should account for the differences in growth among the elderly, disabled and poor in each state.

WELFARE

Welfare is another program in which some "windfall" governors have been quick to accept disproportionate cuts on behalf of growth states.

Welfare reform is not a theory in Florida -- it is a working reality. And, we'd like to keep it that way. We've implemented time-limited, transitional welfare reform in Florida and are expanding it this year.

Using a community-based approach with intensive case management, we are getting positive results from our Family Transition Program. We are moving people from welfare to work.

We have the flexibility to match programs with the need -- whether it be child care, a tutor for a high school diploma, tips for job search and interviews, or a car battery. We are moving moms to work.

One teacher told me how our Family Transition Program is making a difference in the life of one of her students:

The student saw his mother motivated and encouraged by our transition program -- and that motivation was passed on to him. He is now making great strides -- better grades and aspirations for a future.

But this kind of reform will be stopped in its tracks if the welfare reform proposal passed by the House prevails.

After careful study, our State has determined that the formula contained in the House "Personal Responsibility Act" will result in serious, inequitable allocations to states.

Similar to the disproportionate capping of Medicaid, under the House welfare proposal some states will get richer while the poor in my state get poorer.

The inequity comes -- in my view -- from the fact that the bill has allocated dollars to states based on the former entitlement-matching system that the House has just dismantled.

If that system is as outdated and unworkable -- as they profess -- then why not totally wipe the slate clean and base any new program on current needs -- and allocate accordingly?

I have a proposal for a simple funding mechanism. It bases the allocations on where the needy children of America actually live.

My proposal provides that any welfare block grant be based on each state's population of children living in poverty -- using a three-year rolling average, starting from 1991-93.

It guarantees that a poor child in Florida would be treated like a poor child in every other state. That's how it should be....but it's not under the House proposal.

Our numbers reveal that a poor child in Massachusetts would get three times as much as a poor child in Florida.

A poor child in Michigan would get twice as much as a child in my state. That's not right. It's not fair. And it won't stand.

I want to ensure that national equity prevails. Let's make equal protection of children the foundation for reform. Real reform must include children.

The elderly are entitled. Military retirees are entitled. Federal retirees are entitled -- including former senators (thank the Lord) and members of congress.

But children will no longer be entitled. Nor the frail elderly. It's going to be up to the states to care for them and the disabled.

Putting on my old Budget Chairman hat: the federal government should not give federal tax dollars without setting appropriate national standards.

But the GOP plan has no proper standards.

National standards are vital -- so that children get treated fairly...no matter where they live.

The United States was founded upon the simple but unwavering belief that "all people are created equal." That basic principle is undermined -- and on the verge of being abandoned -- through a block grant proposal that values people differently.

Let me end by putting it simply: The debate in Congress should not be about developing a Michigan block grant, a Massachusetts block grant or a Florida block grant.

We should be talking, instead, about AMERICAN BLOCK GRANTS.

With an American Block Grant, a child or a family in Florida are worth as much as a child and a family anywhere else in the USA.

Any proposal leaving Washington must recognize that truth.

I want a block grant that enables me to address the particular needs and growth of Florida.

I want a block grant that allows me to continue the reforms that show great promise for care -- as well as savings.

An American Block Grant is one that has flexibility -- but it also recognizes the federal government's responsibility.

Richard Nixon championed this approach as much as Ronald Reagan. Both argued that the federal government must share the fiscal burden and ensure equal treatment of those in need.

Florida and other growth states are willing to share the load. But, we want the federal government to cooperate -- the way a partner should.

An American Block Grant would be a fair partnership.

I know this is really not about Block Grants -- nor is it about giving the states more flexibility to better manage our programs and solve our problems.

This IS about budget cuts -- pure and simple.

I know who won the last election -- and what the agenda (the Contract) -- is.

I know that children, the disabled, the frail elderly, those who don't have a PAC -- who don't vote -- these are the people who are going to take a disproportionate cut.

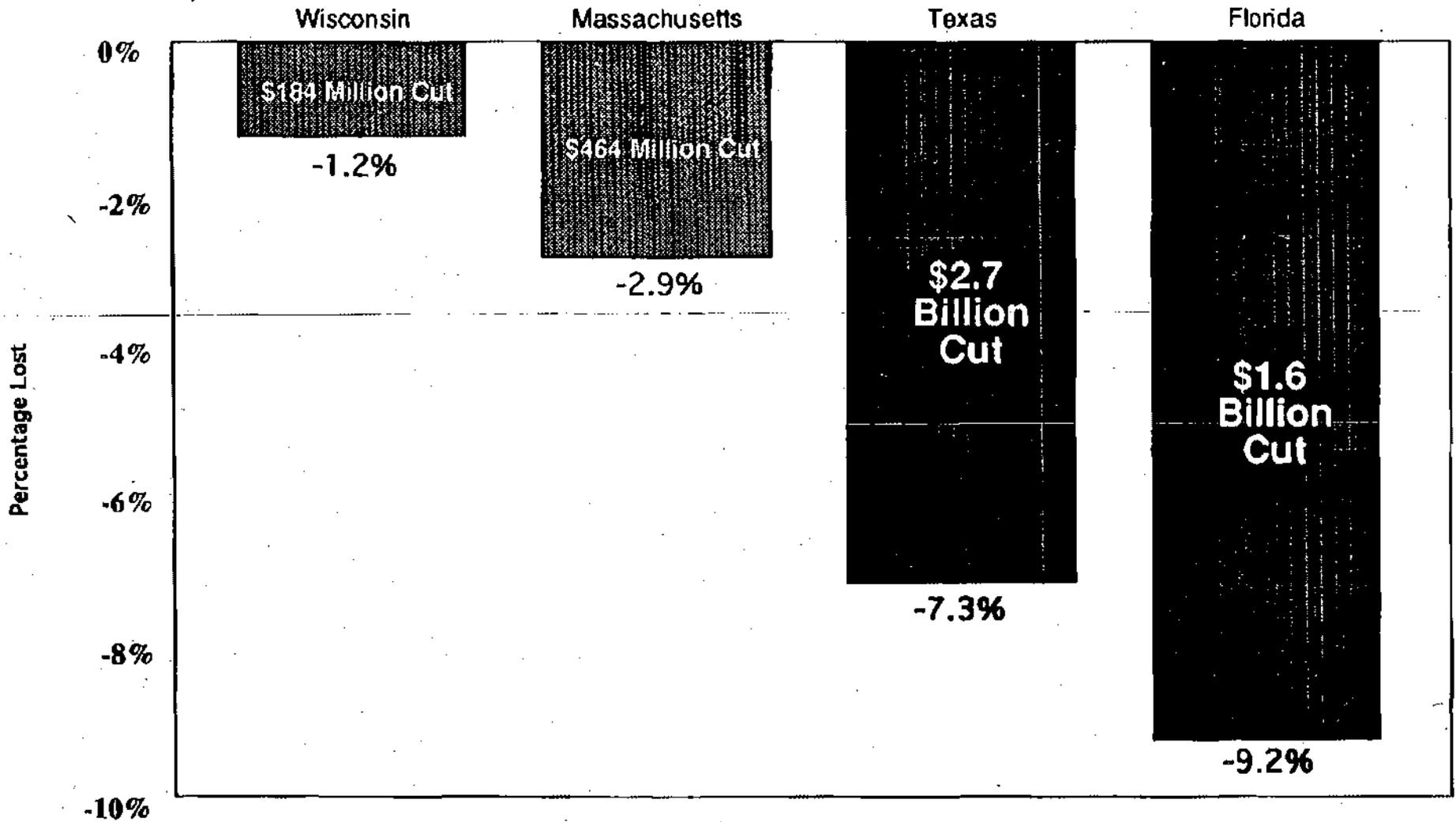
But in their haste to capture these dollars, I demand that the Congress -- now, especially the Senate -- take the time to administer these cuts in a rational, fair way.

Florida --- our children, our disabled, our elders, our taxpayers -- are entitled to this and no less. And so are people in all of the states.

THANK YOU.

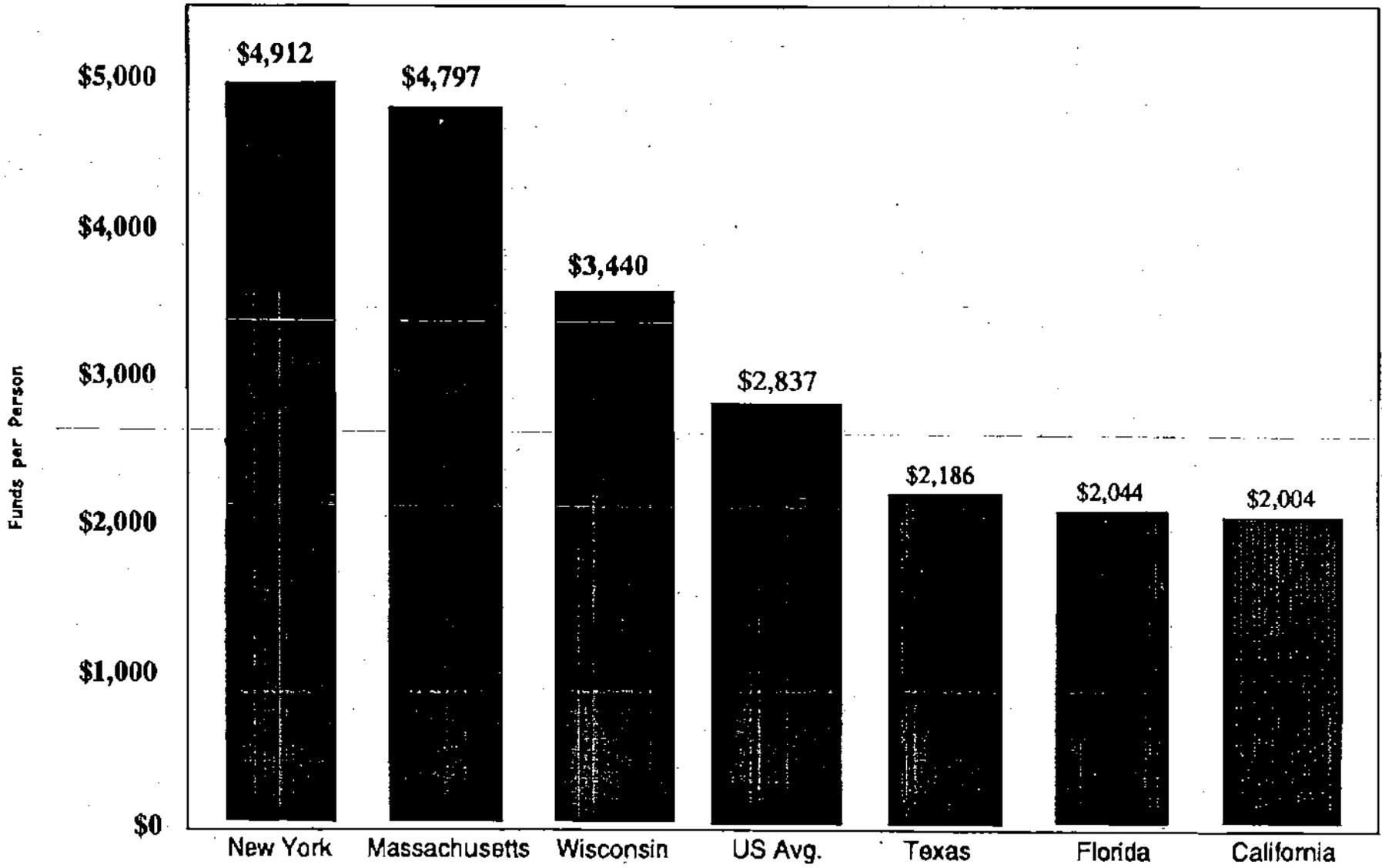
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What states would have lost if a Medicaid Block Grant with a 5% cap was in place from 1993 - 1996



Source: HHS compilations of state actual and projected data, FFY 1993 - FFY 1996.

Federal Funds Per Person in Poverty under a Medicaid
Block Grant Proposal with a 5% cap.
FFY 1996



Source: Urban Institute

Welfare-Cities, 530

Local Officials Say Reforms Could Dump Poor People on Their

Doorsteps

By JENNIFER DIXON=

Associated Press Writer=

WASHINGTON (AP) Republican plans to dismantle federal welfare programs threaten to put new pressures on local property taxes if the burden of caring for poor Americans is shifted to cities and counties, local leaders said Wednesday.

City, county and local school officials said changes in welfare programs that simply push low-income people off welfare, without providing them the education, training and child care to get jobs, are "dead-end strategies."

"They will leave families destitute, and they will create crushing new social and cost burdens on local governments," said Carolyn Long Banks, councilwoman at large in Atlanta and president of the National League of Cities.

Banks, a Democrat, and officials of other organizations representing local governments complained that while several Republican governors had great influence in shaping House and Senate plans to reform welfare, they had been shut out.

Legislation passed by the House in March would cut welfare spending by \$62 billion over five years, by cutting aid to legal immigrants and turning scores of anti-poverty programs over to the states as block grants.

Spending on those programs would no longer automatically rise in cases of increased demand, but would be set at fixed levels.

The chairman of the Senate Finance Committee, Republican Bob Packwood of Oregon, is drafting a bill that would convert the government's primary welfare program, Aid to Families with Dependent Children, to a block grant. A committee vote is expected next week.

Robert Rector, a welfare expert with the conservative Heritage Foundation, dismissed the complaints of the local officials, calling them "professional beggars" who advocate a larger welfare state.

"These people are professional welfare advocates who are highly inventive in finding ways to soak the taxpayer for ever-greater welfare benefits and services," Rector said.

Randall Franke, a Marion County, Ore., commissioner and president of the National Association of Counties, said local property taxpayers may have to pay more if responsibilities for the poor are shifted to cities and counties without adequate resources.

"It will have an impact on kids, whether they're ready to go to school or not, on our school dropout rates. It will have an impact on crime and delinquency rates, and our taxpayers are paying for all of that," said Franke, a Republican.

"We know these people at home, and if they can't get service someplace else, they're going to be an impact on the schools, they're going to be knocking on the courthouse, the city hall doors. They're our citizens, and we can't hide from them," Franke said. "We're going to be forced to respond to their needs on the back of the local property taxpayer."

Kay Granger, mayor of Fort Worth, Texas, said welfare reform must include jobs that pay a living wage, health care and child care.

"If we simply cut welfare, and there's not an organized effort to move them into work, then they land on our doorsteps. They come to our schools ... unable to learn because they're hungry, they're

looking for housing," she said.

The complaints were aired at a news conference sponsored by the counties group.

APWR-05-17-95 1706EDT

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STATE OF DELAWARE
OFFICE OF THE GOVERNOR

THOMAS R CARPER
GOVERNOR
LEGISLATIVE HALL
DOVER, DELAWARE 19901
(302)759-2101
(302)677-8210

NEWS

FOR IMMEDIATE RELEASE
Monday, May 22, 1995

FOR FURTHER INFORMATION
CONTACT: Ava M. Perrine
(302) 577-3210 Wilm
Elizabeth Ryan
(202) 624-7724 Wash

CARPER WARNS OF COST SHIFTS IN HOUSE WELFARE REFORM PLAN AND URGES IMPROVEMENTS IN SENATE

-- New figures show that House plan would cost Delaware over \$129 million over five years --

(Wilmington, Del.) -- Governor Thomas R. Carper today released figures compiled jointly from the Delaware State Budget Office, and the Delaware Departments of Health and Social Services, and Children, Youth, and Families which show that the House of Representatives welfare bill, H.R. 4, would shift as much as \$129 million in costs to state taxpayers over a five year period. These figures are higher than the earlier estimate of \$109 million by the federal Department of Health and Human Services.

According to Carper, "I continue to be concerned about the impact of the House welfare plan on our state -- these new figures underscore the fact that unless the Senate bill is drastically improved, Delaware's reform efforts will be slowed down considerably, costs will be shifted to state taxpayers, and thousands of children will be at risk as the bill dramatically reduces the federal commitment to assist disabled children, children in foster care and adoptive placements, and children who are abused and neglected."

Carper continued, "The litmus test for any successful welfare plan is three-fold: 1) Does it prepare people for work? Does it help them land a job? and 3) Does it allow them to keep working to remain self-sufficient and to continue supporting their family? The House welfare plan fails to meet this litmus test -- it will not do what the public is demanding, that is, ensure that welfare recipients go to work and become self-sufficient."

Post-It® brand fax transmittal memo 7871 # of pages 2

To: <i>John Monahan</i>	From: <i>Ely Ryan</i>
Co.	Co.
Dept.	Phone #
Fax #	Fax #

WAPRESRELEASDCWELPREL

Carper added, "I urge the Senate to work in a bipartisan manner to craft a welfare reform bill which will ensure that welfare recipients make the transition to work, and ensure adequate protection for vulnerable children."

-- 30 --

SENT BY:APWA

: 5-23-85 : 6:55AM :

2/ 4

GEORGE V. VOINOVICH
GOVERNORSTATE OF OHIO
OFFICE OF THE GOVERNOR

COLUMBUS 43266-0601

May 19, 1995

The Honorable Bob Packwood
Chairman, Senate Finance Committee
U.S. Senate
Washington, D.C. 20510

Dear Chairman Packwood:

I am writing in strong support of the State Option Contingency Fund mechanism recently proposed by the National Governors' Association for inclusion in the welfare reform package you are drafting.

As you may recall from my letter of March 29, one of my primary concerns about H.R. 4, the Personal Responsibility Act, is its lack of an adequate rainy day fund mechanism. While strongly supporting the principles of the legislation, I believe the bill does not provide sufficient protections for states in the event of an economic downturn. The federal-state partnership should not end when economic conditions worsen and caseloads increase.

The State Option Contingency Fund proposal would provide states with significant flexibility to help meet numerous needs. Without unduly exposing the federal budget to financial liabilities, the mechanism provides states that meet maintenance of effort requirements with an option to match federal contributions up to a set cap. States could receive matching funds for an economic downturn, to provide additional services, such as day care or job training to meet the bill's work requirements, or to meet increased demand caused by population growth.

As you know, Mr. Chairman, given the funding caps the states will become solely responsible for increased welfare costs that accompany any increase in the eligible population. The NGA contingency fund proposal would help restore the partnership of shared responsibility between the states and the federal government. I respectfully urge the inclusion of this provision in the welfare reform legislation that will be considered by the Finance Committee next week.

Thank you for your personal consideration of my concerns.

Sincerely,


George V. Voinovich
Governor



SENT BY: APWA

: 5-23-95 : 6:56AM :

3/ 4



STATE OF NEW JERSEY
 OFFICE OF THE GOVERNOR
 GN-001
 TRENTON
 08638

CHARITINE TODD WHITMAN
 Governor

May 17, 1995

The Honorable Bob Packwood
 United States Senate
 259 Russell Building
 Washington, DC 20510

Dear Senator Packwood,

Thank you for your continued leadership and support for meaningful welfare reform that will provide more discretion and flexibility to states. In New Jersey, I remain committed to fine-tuning our welfare system through the use of streamlined, cost-effective, and innovative methods of delivering services and benefits to our most needy residents. Under a new federal block grant approach, I envision a welfare system in New Jersey that can focus on results, not bureaucracy.

As you draft your proposal for consideration by the Finance Committee, I would like to bring to your attention my support for including a contingency fund to assist states in responding to changes in the economy or increases in population. As you know, the House bill authorizes a rainy day loan fund that states could utilize for these purposes. It is unrealistic, however, to think that a state facing an economic downturn will be able to borrow money from the federal government and pay loan funds back with interest.

While I understand that constraints exist under efforts to reach a balanced budget, this loan fund is inadequate.

The National Governors Association has forwarded a proposal to you to change the rainy day loan fund provision into a state option contingency fund. Under this proposal, any state that maintains an aggregate level of state spending across the block grants would have access to supplemental federal funds at a set matching rate. A state could not draw down more than 1% of the total of its annual allotments for all of the welfare block grants in a single year, unless the state experienced a predetermined unemployment rate that was considerably higher than at least one of the last two years.

SENT BY:APWA

; 5-23-95 ; 6:56AM ;

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The Honorable Bob Packwood
May 17, 1995
page 2

This contingency fund proposal represents an improvement over the rainy day loan fund. States will be given an incentive to maintain levels of effort without the Senate mandating it. It is also fiscally responsible since it requires a state match.

In addition, I believe the inclusion of a state option contingency fund could help you win bipartisan support among Senators and Governors who have voiced serious reservations about sending block grants to states.

Thank you for your consideration and for your continued leadership on this important issue.

Truly Yours,


Christine Todd Whitman
Governor



AMERICAN PUBLIC WELFARE ASSOCIATION

Gerald H. Miller, President

A. Sidney Johnson III, Executive Director

States' Issues for Child Support Reform in Congress

1. Extension of 1995 child support information systems deadline
2. Adequate funding for future child support information systems
3. Child support program funding and incentive formula
4. Assignment and distribution options for child support
5. Scope of services:
 - Mandatory IV-D services for only the foster care (current Title IV-E) population, not for entire child welfare population
6. Access to needed data:
 - IRS data for private sector contractors working for state child support agencies in privatization efforts;
 - Full access to banking records for enforcement purposes;
 - Credit bureau reporting;
 - Strengthening IRS full-collection process by reducing procedural barriers such as repeated fees charged to states by federal government
7. 75% paternity establishment rate, as in current law, not an unachievable 90% rate
8. Cooperation requirements for applicants for and recipients of state services
9. Flexibility for the child support agency to work in the most expeditious way with other government agencies
10. Centralized collection and distribution: allowing linkage of local units

States' Issues for Child Support Reform in Congress

- 1. Extension of 1995 child support information systems deadline:** Allow a two year extension of 1995 child support information systems deadline for systems requirements enacted on or before the Family Support Act of 1988—this is a one day extension for each day the federal government delayed issuing needed regulations. Funding should be limited in each state to the estimates submitted by states in their annual advance planning documents (APDs) to be completed by October 1, 1995. It does not increase federal costs beyond current estimates, but allows funding to be spent over an extended period of time to ensure the development of automated systems that meet both the states' operational needs and federal certification requirements. Failure to extend the deadline will result in inferior data systems hastily developed to meet an artificial deadline to protect funding, but will fall short of meeting the needs of the child support enforcement program. The Senate bill contains language that does extend the deadline for two years, with a *May 1, 1995* cut-off for the funding approved in states' APDs.
- 2. Adequate funding for future child support information systems:** Adequate funding for future automated systems is essential. Artificial caps on such funding will not meet the goals of the program, will cripple efforts to improve child support through the current reform effort. The Senate and House bills cap at \$260 million will not allow states to meet the new systems requirements mandated in the bill.
- 3. Funding and incentive formula:** Child support agencies must be adequately funded, or they will not successfully achieve their goals. Building an incentive structure that rewards a broad array of essential child support activities is imperative. APWA and state IV-D directors recommend changing the proposed bill language to allow an incentive on collections instead of on increased expenditures. The proposed language rewards states' child support spending instead of rewarding states' child support *collections*.
- 4. Assignment and distribution options:** Because of the fiscal impact of child support distribution changes under welfare reform and because of the complexity of the current distribution formula, states are proposing a new distribution formula that allows both state flexibility and the possibility of passing through more child support directly to the family, even while the family is on assistance. As currently written, the distribution language in the House and Senate bills creates a large unfunded mandate on states and would cripple states' ability to operate at their current level, which is already pressed by average caseloads of 1,000 cases per worker. States proposal to use the distribution hierarchy as an incentive to stay off welfare in the first place and to leave welfare when they are able to is good public policy.
- 5. Scope of child support services:**

IV-D services should be mandated for only the foster care (current Title IV-E) population, not for entire child welfare population. H.R. 4 inadvertently expands states' responsibility for mandatorily serving the foster care population to the entire child welfare population, including any child at risk of abuse or neglect. Child support agencies should continue to only be responsible for serving the foster care population.

6. Access to needed data:

Both the Senate and House bills need language added related to the following issues:

- IRS data for private sector contractors working for state child support agencies in privatization efforts: In order to operate improved and costs effective child support offices, some states are choosing to privatize offices by contracting with private sector firms. Current law prohibits access to needed IRS data for these contractors. The law should be changed so child support privatization efforts are feasible.
 - Full access to banking records for enforcement purposes: States need access to bank and financial records in order to know parents' ability to pay for their children. Without this data, state child support agencies operate at an extreme disadvantage.
 - Credit bureau reporting: Creditors should know when a parent owes a current support obligation so that the creditor can take such obligation into account in awarding credit, and a parent who stays current in making payments will receive a stronger credit rating.
 - Strengthening the IRS full-collection process by reducing procedural barriers: Currently the IRS can charge a state a fee each time the child support agency makes a request for information under the full collection process, even if the IRS has not shared the needed information. This type of barrier to services should be reduced.
7. **75% paternity establishment rate, as in current law, not an unachievable 90% rate:** Current law of a 75% paternity establishment rate, set in OBRA '93, is reasonable and based on a realistic assessment of a paternity establishment rate that is possible to attain. Any higher rate of paternity establishment—such as a 90% rate as established in the Senate bill and H. R. 4—is not realistic and will fail. Additionally, paternity-related activities should be funded at 90% FFP.
8. **Cooperation requirements for applicants for and recipients of state services:** Clients must be held to explicit requirements for cooperation, and IV-D agencies must notify the individuals and other agencies about the impacts of cooperation or noncooperation. It is important for this process to be clear and very defined, because it will probably be litigated. Also, the IV-D agency should determine compliance with cooperation procedures for child support. The House language is stronger than the Senate language; however, the requirement that states put withheld funds into an escrow account and pay them to the family once cooperation is met is administratively burdensome.
9. **Flexibility for the child support agency to work in the most expeditious way with other government agencies:** Funding should be allowed to support child support related activities performed by agencies other than the IV-D agency within a state. For example, current regulations mandate that states establish and administer voluntary hospital-based paternity establishment procedures. The federal interpretation of these regulations is that federal funding is available when a IV-D agency performs the related data collection, storage and retrieval functions, but not when the state vital statistic agency (which would normally perform these functions) does this work. This creates a needless duplication of effort and should be avoided. Neither bill addresses this issue.
10. **Centralized collection and distribution: allow linkage of local units:** States should be allowed to use either a central system or to link local systems into a central one which would receive and distribute child support. Given today's available technological solutions, many states could choose decentralized collection and distribution while still maintaining a very high economy of scale.



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
DOVER, DE 19901
302/739-4101
FAX 302/739-2775

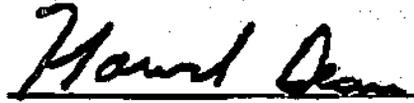
CARVEL STATE OFFICE BLDG.
WILMINGTON, DE 19801
302/577-8210
FAX 302/577-3118

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.

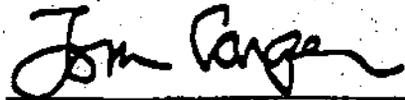
Sincerely,



Governor Mel Carnahan



Governor Howard Dean



Governor Tom Carper



Governor Roy Romer

MEMORANDUM TO RAHM EMANUEL, CAROL RASCO, BRUCE REED,
AND JOHN EMERSON

DRAFT

FROM: John Monahan

RE: Democratic Governors and Welfare Reform

As you know, over the past several months, Republican governors (particularly Thompson, Engler, and Weld) have worked closely with their leadership on the Hill in developing welfare block grant proposals. For the most part, partisan wrangling has prevented governors from weighing in heavily on the welfare debate through the bipartisan NGA. A recent exception to the general NGA silence is its staff proposal for a block grant contingency fund that was discussed at last week's Finance Committee markup and has received support from several governors of both parties.

During this year's welfare reform debate, Democratic governors have not been unified on key issues or strategy. While all Democratic governors support increased state flexibility, reasonable work requirements, child support enforcement, and elimination of the federal waiver process, individual Democratic governors have advocated different approaches to the crucial issue of whether to maintain the entitlement mechanism of financing low-income programs:

(1) Several governors, including Chiles, Carper, Carnahan, and Dean, have consistently argued for retention of the individual entitlement. Indeed, Chiles recently delivered a speech at the National Press Club calling for preservation of the individual entitlement or, at a minimum, establishing block grant allocations according to the number of poor children per state.

(2) Other governors, including Hunt, B. Miller, Z. Miller, Nelson, Jones and Tucker, have been reluctant to embrace the notion of an entitlement because it suggests a personal "right" to welfare benefits and embracing it could be portrayed as opposition to welfare reform.

(3) Virtually all Democratic governors, including those who will not oppose block grants, are very concerned about the fiscal impact of the block grants on their states and want to be at the table to assure that any welfare reform legislation protects states from uncontrollable events such as population growth, economic downturns, and natural disasters. Among Democrats, Governor Romer took the lead in promoting the NGA contingency fund proposal that has received support from some Republican governors, including Whitman and Voinovich. As you recall, Romer and other Democratic governors pursued the development of this approach after meeting with Mr. Panetta.

DRAFT

At Friday's briefing with senior White House staff and luncheon with the POTUS, Democratic governors will be interested in understanding the Administration's general strategy on welfare reform, our bottom line on key issues (e.g., entitlement versus block grant financing), and our recommendation as to how Democratic governors should position themselves in the upcoming Senate debate.

A possible approach for Administration officials could be:

(1) Reinforce the President's position that he would veto a block grant of Food Stamps or child nutrition programs and would not sign H.R. 4 in the form it passed the House. Clearly state that no other veto threats have been issued.

(2) Urge Democratic governors to work closely with Democratic senators as they develop a Democratic leadership substitute and floor amendment strategy.

(3) There will likely be efforts to establish a contingency fund or similar mechanisms to ease the fiscal pressure on states due to population growth, economic downturns, or natural disasters caused by block grants. The recent letters of Governors Whitman and Voinovich, as well as the press conference held last week by a bi-partisan group of local government officials, indicate that such proposals could garner bi-partisan support.

(4) Ask Democratic governors to amplify the basic themes of the President's message regarding welfare reform in their home states. Specifically, governors could emphasize that welfare reform must include real -- not phony -- work requirements that provide states with resources sufficient to put welfare recipients to work, adequate child care, fiscal protections for states, and child support enforcement. The Administration could provide them with any information they may need to put together reports, events, press conferences, etc.

*cc: Reed fiji
any: CLK*

STATE OF COLORADO

EXECUTIVE CHAMBERS
136 State Capital
Denver, Colorado 80203-1792
Phone (303) 866-2471



Roy Romer
Governor

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ADDITIONAL INSTRUCTIONS OR COMMENTS:

The attached letter regarding welfare reform was faxed to Sen. Bob Packwood. If you have any questions or comments, please contact Alan Salazar (303) 866-4567 or Carol Hedtes (303) 866-2983.

SENDING OPERATOR: Maria

Mail routing:

STATE OF COLORADO

EXECUTIVE CHAMBERS

136 State Capitol
Denver, Colorado 80203-1792
Phone (303) 866-2471



Roy Romer
Governor

RE: Letter to Senator Bob Packwood

FAX TO THE FOLLOWING:

**Bob Greenstein - (202) 408-1056
Center for Budget & Policy Priorities**

**Governor Howard Dean - (802) 828-3339
State of Vermont**

**Governor Tom Carper - (302) 739-2775
State of Delaware**

**Governor Mel Carnahan - (314) 751-4458
State of Missouri**

Senator Thomas Daschle - (202) 224-2047

Senator Kent Conrad - (202) 224-7776

Senator Daniel Moynihan - (202) 224-3312

**Katie Whelan - (202) 479-5156
DGA**

**Ray Scheppach - (202) 624-5319
NGA**

Secretary Donna Shalala -

**Carol Rasco - (202) 456-2878
Asst to the President for Domestic Policy**

STATE OF COLORADO

EXECUTIVE CHAMBERS

136 State Capitol
Denver, Colorado 80203-1792
Phone (303) 866-2471



Roy Romer
Governor

May 25, 1995

The Honorable Bob Packwood
Chairman
Committee on Finance
Dirksen Senate Office Building
Room 219
Washington, DC 20510

Dear Senator Packwood:

As Chairman of the Senate Finance Committee, you have the responsibility to assure that legislation to reform the country's welfare system strikes the appropriate balance between the need to reduce the budget deficit and the need to protect our most vulnerable citizens. I share your concerns over the negative consequences of the budget deficit and I support serious budget deficit reduction. I support meaningful deficit reduction including reforms in Medicare and I strongly oppose a tax cut for our wealthy citizens.

Making government programs as efficient as possible is an important way to contribute to deficit reduction without reducing services. I therefore advocate for greater flexibility for states to design and operate programs that address their unique needs. I also support consolidation of duplicative and overlapping federal programs. However, I approach the current block grant proposals with great skepticism.

While I would welcome the responsibility of designing and administering a program unique to Colorado, HR 4 does not increase flexibility to states. In fact, its prescriptions will make it impossible for us to continue to operate our current waiver-based Colorado Personal Responsibility and Employment program (CPREP). By freezing expenditures at the FY 1994 level, it locks into place an unfair allocation that penalizes states that have traditionally operated conservative programs. It threatens children by reducing cash benefits, jeopardizing quality child care, eroding the protection of the child welfare system and threatening vital nutrition programs. It discourages moving people into permanent employment by forcing short-term placements. In short, the current welfare reform vehicle, HR 4, fails to provide the needed flexibility or recognize the responsibility government has to protect its most vulnerable citizens.

Senator Packwood
May 25, 1995
Page 2

After nine years as Governor, I am more convinced than ever that the first three years of a child's life are developmentally the most important. We must assure healthy food, quality child care and education and appropriate access to medical care. Those three basic components are the cornerstones for building self sufficient individuals. If we forsake those necessities we may save money in the short run but it will cost us a great deal in the long run.

I urge you to craft a Senate welfare reform alternative that assures that we can meet basic needs of our children. My welfare staff has carefully reviewed HR 4 and I offer the following suggestions to you as you prepare a Senate bill.

Cash Assistance

Avoid One-Size-Fits-All programs. The flexibility to design a cash assistance tool that meets the needs of a state's unique population and priorities is extremely valuable. The approach needs to be simple and free of prescription. HR 4 contains requirements that force states to design programs to address issues whether they are a problem in the state or not. These prescriptions also drive unnecessary data collection costs. The reduced flexibility of HR 4 is the antithesis of the block grant approach.

Maintain counter-cyclical nature of assistance and create a contingency fund. Public assistance programs are designed primarily as short term measures to aid during temporary periods of individual economic hardship. The people with marginal skills and less work experience are the first to be laid off during economic down turns. There needs to be resources available to respond to case load expansions that result from economic slowdowns. I urge you to create a contingency fund that would allow states to access a pool of money to respond to caseload increases due to economic circumstances. The contingency fund should also be available for states experiencing population increases. The current entitlement structure captures unexpected changes in ways that no set formula can. While the contingency fund approach is less desirable than an entitlement, it may help states adjust in poor economic times and it would be a dramatic improvement over the rainy day loan fund contained in HR 4. The loan approach is inadequate to meet state needs.

Recognize the value of permanent placements. Ambitious job placement requirements force states to place individuals in jobs regardless of whether they can retain the employment over the long term. This situation creates repeaters and does not break the assistance cycle. The program should give credit for participation in education and training and should allow for a wide range of tailored support services.

Do not create a new recipient population. Aggressive participation requirements use-up support service resources like child care. Without child care subsidies many families

Senator Packwood

May 25, 1995

Page 3

would be unable to afford child care. They would be forced to quit their jobs or use inappropriate child care arrangements like letting their kids sleep in their cars. Long term, permanent employment should be the goal of the programs so modified participation rates and sufficient support service resources are needed.

Design an equitable allocation formula. The HR 4 formula for distributing block grant dollars is inequitable. It abandons the flexibility of the current entitlement. It locks into place current economic conditions and the relative strength and weaknesses of state economies. The State of Colorado will be penalized for its strong economy and its relatively conservative benefits. You should consider an alternative means of distributing resources. A formula based on each state's relative share of children living in poverty might be a more relevant approach.

Require continuing state commitment. HR 4 requires no continuation of state resources. While I am sympathetic to the concern that a maintenance of effort requirement also locks into place the current allocation system, I am fearful of the effect on poor people if states simply stopped contributing resources to cash assistance and other support services programs. By freezing the allocation at the 1994 level, Colorado will only be able to provide 70 percent of the current level of services in 2000. Without some required state financial commitment, the reduction will be even more severe. Some state financial participation should be required to avoid the "race to the bottom" phenomenon. It is critical that we continue the federal-state partnership in the area of public assistance.

Food Stamps

Do not convert the food stamp program to a block grant. The food stamp program is particularly sensitive to economic fluctuations. It is the first line of defense against hunger in America and it has been extremely successful. There are continuing concerns about misuse of coupons, some of which could be addressed by mandating EBT. To increase coordination of the food stamp program with the cash assistance program, the states could be given the flexibility to design programs based on simplified federal standards.

Child Welfare

Do not block grant child welfare funds. The resources available to assist the children involved in the child welfare system may be the most important crime prevention dollars we have. The issues in child welfare are not self sufficiency issues but survival issues.

Senator Packwood

May 25, 1995

Page 4

Reductions in this funding would decrease dollars for adoption assistance which would keep our hardest to place kids in state care. The cuts would also reduce family preservation resources. The dollars spent on child welfare are not excessive but critical. The child care welfare programs should retain their entitlement nature and the current funding should, at a minimum, be maintained.

Child Care

Maintain sufficient service to support working poor and those in training. Child care is a necessity to a working parent. It is not a luxury but a minimum requirement. If we are serious about putting people to work without increasing child neglect and abandonment, we must have adequate child care dollars. The HR 4 approach of making child care subject to an annual appropriation is irresponsible. I believe it should be an entitlement, and at a minimum a capped entitlement to the states.

Family Nutrition

Maintain funding for nutrition programs. The Women, Infants and Children program (WIC) and the Child Care and Adult Food Program (CACFP) are both essential to getting healthy food to our economically disadvantaged children. Good nutrition is an invaluable prevention tool. Studies indicate that a \$1 WIC investment saves as much as \$3 in Medicaid expenditures. On every measure of health outcomes, WIC is successful. The demand for CACFP supported meals has more than doubled in Colorado since 1986. The HR 4 formula would reduce Colorado's funds for CACFP by \$10.58 million while adding the responsibility for three additional programs.

Do not mandate distribution formulas. The family nutrition block grant contained in HR 4 is a classic case of where the state is in a better position than Congress to judge what services are most needed. The mandated formula of HR 4 would result in a severe reduction in quality child care in Colorado. Not only would it restrict our ability to keep costs low, it would eliminate the incentive for us to get home based child care facilities into our licensing program. If you feel the need to block grant these funds, keep the grants free of strings that would drive our dollars in directions inconsistent with our priorities.

Commodity distribution.

Fund reductions will mean less food available. The commodity distribution programs are almost exclusively privatized. There are little administrative savings to be garnered. These programs serve many people outside the traditional cash assistance programs. The commodities are heavily relied upon by the charitable sector, which can expect dramatic increases in demand as housing, and other assistance is reduced.

Senator Packwood
May 25, 1995
Page 5

Child Support Enforcement

Adopt the recommendations of the Interstate Child Support Enforcement Commission. The Commission adopted a thoughtful and comprehensive study of the Child Support Enforcement programs and recommended workable changes that should be implemented.

Information and Data Systems

Avoid programmatic changes that increase data and information costs. Separate requirements for each block grant and varying eligibility requirements among programs will increase management systems costs dramatically. In times of reduced funding we should devote every available dollar to client services not to computer systems. The bill should build on current systems rather than requiring new ones.

I hope this input will be helpful. I wish you success in developing a Senate welfare reform bill that captures the advantages and efficiencies of block grants without disregarding the needs of our most vulnerable citizens. If I or my staff can be of assistance to you, please do not hesitate to call.

Sincerely,



Roy Romer
Governor

cc: Senator Hank Brown
Senator Ben Nighthorse Campbell

Senator Packwood
May 25, 1995
Page 5

Child Support Enforcement

Adopt the recommendations of the Interstate Child Support Enforcement Commission. The Commission adopted a thoughtful and comprehensive study of the Child Support Enforcement programs and recommended workable changes that should be implemented.

Information and Data Systems

Avoid programmatic changes that increase data and information costs. Separate requirements for each block grant and varying eligibility requirements among programs will increase management systems costs dramatically. In times of reduced funding we should devote every available dollar to client services not to computer systems. The bill should build on current systems rather than requiring new ones.

I hope this input will be helpful. I wish you success in developing a Senate welfare reform bill that captures the advantages and efficiencies of block grants without disregarding the needs of our most vulnerable citizens. If I or my staff can be of assistance to you, please do not hesitate to call.

Sincerely,



Roy Romer
Governor

cc: Senator Hank Brown
Senator Ben Nighthorse Campbell



NATIONAL CONFERENCE OF STATE LEGISLATURES

444 NORTH CAPITOL STREET, N.W. SUITE 515 WASHINGTON, D.C. 20001
202-624-5400 FAX: 202-737-1069

May 16, 1995

The Honorable Bob Packwood
United States Senate
Russell Office Building, Room 259
Washington, D.C. 20510

JANE L. CAMPBELL
ASSISTANT MINORITY LEADER
OHIO
PRESIDENT, NCSL

TED FERRIS
DIRECTOR, JOINT LEGISLATIVE
BUDGET COMMITTEE
ARIZONA
STAFF CHAIR, NCSL

WILLIAM POUND
EXECUTIVE DIRECTOR

Dear Senator Packwood:

We are writing to thank you for your public commitment to state flexibility as a principle in your welfare reform legislation. The National Conference of State Legislatures (NCSL) is especially pleased by your recognition of the critical role of state legislators in welfare reform and other programs that serve children and families. We appreciate your confidence in our ability to design programs that best serve the needs in our states and urge you to consider our views as you finalize your welfare reform legislation.

We are encouraged by your endorsement of providing more discretion to state decisionmakers and rejecting provisions that micromanage and limit state authority to determine eligibility. However, state legislators are concerned about several provisions under consideration that have the potential to limit state authority, shift major costs to the states and violate NCSL's policy on block grants. **The balance of this letter specifies our concerns in six major areas. In summary, we urge you to reconsider the consolidation of open-ended entitlements for child protection services, work requirements in the cash assistance block grant, denial of benefits to legal immigrants, the absence of real protection for states to respond to economic change, the consolidation of child care funding, and timing to successfully implement revised programs.**

I understand that you are still considering a block grant for child protection funds. **State legislators believe that foster care maintenance and adoption assistance payments and administrative funding under Title IV-E must be maintained as an open-ended entitlement.** Children in danger cannot be told that the government ran out of money to protect them. We must respond to those who turn to us as a last resort. The demand for these services has not been predicted well at the federal level. No one predicted the damage that HIV infection, crack cocaine and homelessness would do to children's security within their families. No one anticipated the resulting increase in state and federal costs. Courts will decide to remove children from unsafe homes and states must respond to these decisions. We urge you to reject the child protection block grant.

We are disappointed with the prescriptive work and participation requirements in H.R. 4. **State legislators are interested in creating our own programs, not running a uniform program with federally-determined program details and fewer funds.** We oppose federal micromanagement in the definition or type of work, the role of training, minimum number of hours a recipient must work, and participation rates. These are precisely the decisions each state should make based on local needs. We do support measurement of outcomes and performance data to ensure that program goals are being met.

NCSL strongly opposes the denial of benefits to legal immigrants. **The federal government has sole jurisdiction over immigration policy and must bear the responsibility to serve the immigrants it allows to enter states and localities.** The denial of benefits will shift the costs to state budgets. Eliminating benefits to noncitizens or deeming for unreasonably long periods will not eliminate the need, and state and local budgets and taxpayers will bear the burden. Denial of services to legal immigrants by states appears to violate both state and federal constitutional provisions. We continue to support making affidavits of support legally binding.

NCSL supports the development of a contingency fund to assist states to respond to changes in population and the economy rather than a loan fund. The absence of adequate protections for states with population growth, economic changes and disasters is a barrier to state support of a cash assistance block grant. We believe that a loan fund is not sufficient assurance of federal assistance. The federal government must participate as a partner in a fund that has a mechanism for budget adjustment so that states are not overly burdened by increased demand for services.

NCSL has been concerned about the lack of coordination of existing child care funding streams. We are interested in working with you to consolidate these funds. Child care is an essential component to support welfare recipients moving from welfare to work and is critical for low-income working families. Our experience suggests that a renewed commitment to work by welfare recipients will require additional child care funds above current levels. **A consolidated child care fund should stand alone.**

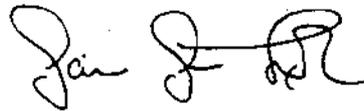
Finally, state legislators will need adequate transition time to successfully implement revised income security and related programs. States will have to modify their laws to comport with new federal legislation, restructure their administrative bureaucracies and revise their FY96 and FY97 budgets that have been enacted on the basis of current law and federal spending guarantees. We urge inclusion of a provision giving states no less than one year of transition time and consideration for additional time for states that meet biennially.

We look forward to working with you throughout this process. Please contact Sheri Steisel or Michael Bird in NCSL's Washington Office to further discuss our views.

Sincerely,



Jane L. Campbell
President, NCSL
Assistant House Minority Leader, Ohio



James J. Lack
President-elect, NCSL
Senator, New York



THE COMMONWEALTH OF MASSACHUSETTS

EXECUTIVE DEPARTMENT

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WILLIAM F. WELD
Governor

ANGELO PAUL CELLUCCI
Lieutenant-Governor

May 8, 1995

The Honorable E. Clay Shaw, Jr.
United States House of Representatives
2267 Rayburn House Office Building
Washington, D.C. 20515-0922

Dear Congressman Shaw:

After reading the attached article from the April 28th *New York Times*, we thought we should let you know that the NGA proposal discussed in the article is the product of NGA staff work and does not represent our views regarding welfare reform. As you know, since the historic elections of November 1994, the new Congress and the 30 Republican Governors have worked as partners in developing a radically different and better approach to welfare, child care, food, and other social programs. Republican Governors welcome the challenges and opportunities block grants provide to deliver improved services to our constituents at a lower cost.

Republican Governors strongly supported the welfare reform legislation passed in the House. By block granting scores of federal programs, ending individual entitlements, and allowing states the flexibility to transfer funds between block grants and create rainy day funds with unspent federal money, we will be able to move forward aggressively in overhauling welfare across America. The legislation cuts down on bureaucratic requirements and gives Governors a stronger hand in protecting children while simultaneously ~~eliminating~~ *changing* programs that serve only to perpetuate poverty.

In the same spirit of partnership, we have submitted a comprehensive welfare reform proposal to Senator Packwood and the Senate Finance Committee as that body begins drafting legislation. As with the House bill, our proposal to the Senate revolves around block grants, flexibility, and ~~single~~ work requirements for recipients.

Despite what you might read in the newspapers, we believe Republican Governors are united in their support for an entirely new approach to welfare. We applaud the work of the House and look forward to continuing to work with the Senate on these issues. Together we can fundamentally restructure and improve the delivery of social services across the country.

Sincerely,

William F. Weld

John M. Engler

Tommy G. Thompson

Terry E. Branstad

Attachment