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PRIORITY WELFARE QUESTIONS AND ANSWERS

FAVOR A PLAN THAT SPENDS OVER A PLAN THAT SAVES . . .	1
FUNDAMENTAL DIFFERENCES IN PROPOSALS	2
DENIED ASSISTANCE TO TEENAGED MOTHERS	4
FIGHT AGAINST TEENAGE PREGNANCY	5
WHAT WORKS IN TEEN PREGNANCY PREVENTIONS	7
WHAT IS THE DEPARTMENT DOING TO PREVENT TEEN PREGNANCY	8
BEHAVIORAL IMPACTS EXPECTED FROM CUTTING OFF TEEN MOTHERS	10
NUMBER OF CHILDREN ELIMINATED FROM ELIGIBILITY . .	11
PRA EFFECT FOR CHILDREN WHOM PATERNITY HAS NOT BEEN ESTABLISHED	12
IS THE PRA "WEAK ON WORK"	13
WOULD PRA'S WORK PROVISION AFFECT STATES	14
MAJOR BARRIERS TO MOVING PEOPLE OFF WELFARE	15
AFDC/MEDICAID CHANGES IN THE PRA	16
WHY HAVE JOB TRAINING RESULTS NOT BEEN SUCCESSFUL	19
LESSONS LEARNED FROM IMPLEMENTATION OF FAMILY SUPPORT ACT	20
SUBSTANCE ABUSE TREATMENT FOR AFDC RECIPIENTS . .	21

REVOCAION OF LICENSES FOR NONCUSTODIAL PARENTS	22
BLOCK-GRANTING FOOD PROGRAMS	23
WELFARE USE BY IMMIGRANTS	25
SIMILARITIES BETWEEN THE ADMINISTRATION AND THE PRA IMMIGRANT PROVISIONS	27
NON-PERMANENT RESIDENTS RECEIVING SSI BENEFITS ...	29
SHOULD SSI BE AN ENTITLEMENT	31
FAMILIES "COACHING" CHILDREN TO OBTAIN SSI PAYMENTS	32
TRANSFER OF OASI TRUST FUNDS TO THE DI TRUST FUND .	33
LONG-TERM FINANCING PACKAGE - BIPARTISAN	34
IMPORTANCE OF CHILD CARE FOR WELFARE REFORM ...	35
PRESIDENT'S CHILD CARE PROPOSALS	36
HOUSE REPUBLICAN CHILD CARE PLAN	37
CHILD CARE GUARANTEE	38
HOUSE REPUBLICAN CHILD PROTECTION PROPOSAL	39
CONSOLIDATION OF CHILD WELFARE PROGRAMS	40
ENTITLEMENT FOR FOSTER CARE AND ADOPTION ASSISTANCE	41

FAVOR A PLAN THAT SPENDS OVER A PLAN THAT SAVES

QUESTION:

The current House GOP proposal would save over \$55B over five years while the President's plan spends about \$10B. Do you think taxpayers and members of Congress will favor a plan that spends over a plan that saves?

ANSWER:

- ▶ All of the welfare reform proposals save money in some places and cost money in others, and we remain committed to a welfare reform bill that is budget-neutral. The legislation we introduced last year, for example, was fully paid for -- primarily with cuts in entitlement programs. Most of the savings achieved in the PRA would merely shift costs to states and localities. This is not the solution to the problems of our welfare system.

DENIED ASSISTANCE TO TEENAGED MOTHERS

QUESTION:

House Republicans say that their plan, by denying aid to unmarried teenagers, will reduce out-of-wedlock births. Isn't it time we simply made it clear that having a child as an unwed teenage mother is not the way to get welfare?

ANSWER:

- ▶ In his State of the Union address the President highlighted the issue of teen pregnancy and out of wedlock births, calling it our most serious social problem. Clearly, preventing these births is a critical part of welfare reform. The Administration agrees that we must send the strongest possible signal to teens that pregnancy and childbirth should be delayed until they are able to provide for a child both financially and emotionally. To prevent welfare dependency in the first place, teenagers must get the message that staying in school, postponing pregnancy, and preparing to work are the right things to do. The President has called on community leaders and all kinds of organizations to mobilize their communities and send youth a clear message; delay sexual activity. And if you are sexually active, practice safe and responsible sex.
- ▶ Second, it's difficult to predict what would happen to the rate of out-of-wedlock births if young girls were denied assistance. Most social scientists would tell you that teenagers have babies for reasons unrelated to AFDC benefits, so the effect is likely to be negligible.
- ▶ Third, the Administration supports measures in welfare reform to have teens take responsibility for their actions. The current system often sends the worst possible message--having a child can be a way to leave home. We have proposed requiring minor mothers stay at home, stay in school and identify the father. And the father must also be held accountable. Boys and girls, men and women must understand that if they parent a child they will have lifelong responsibilities.

FIGHT AGAINST TEENAGE PREGNANCY

QUESTION:

In the State of the Union Address, President Clinton mentioned his National Teen Pregnancy Prevention Initiative. What exactly is it? What are you doing to prevent teen pregnancy?

ANSWER:

- ▶ I strongly agree with the President that teen pregnancy is one of our most serious problems. It is absolutely essential that we send the message to every child in America, until you are in a position to nurture and provide for a child, you should not have sex, you should not have a child. Getting young people to believe that message and internalize it requires changing the messages we send about sexual activity, about opportunity, and about responsibility.

Overall Strategy

Our strategy to prevent teen pregnancy is a combination of responsibility and opportunity. It starts with a strong message from the top, it seeks to involve private sector leadership, to mobilize schools and communities, to require real responsibility, and to continue learning about strategies which work.

A Strong Message from the Top

The President has been in the lead in discussing this issue. He has cited it in the State of the Union address. He dealt with it directly in his welfare reform initiative. He has sought a new Surgeon General with particular expertise in this area. I too have talked often about this problem and the need to send a new message to our children.

Private Sector Leadership

We are calling for action from all sectors of society. Obviously, the government alone can not change behavior. Youth must receive clear and consistent messages from the media, schools, churches, communities, and their families. Delay sexual activity. And if you are sexually active practice safe and responsible sex.

Targeting schools and communities

We have proposed teen pregnancy prevention grant programs that will target schools with the highest concentration of at-risk youth. These will be designed to get the message to young people that there are better options, that sex and childbearing must be delayed. The goal is to have everyone in the community do their part to provide better routes to success and better role models for our teens.

Responsibility

The Administration supports measures in welfare reform to have teens take responsibility for their actions. The current system often sends the worst possible message--having a child can be a way to leave home. We have proposed requiring minor mothers stay at home, stay in school and identify the father. And the father must also be held accountable. Boys and girls, men and women must understand that if they parent a child they will have lifelong responsibilities.

Learning More About Strategies that Work

The sad truth is that we still understand far too little about how to really prevent teen pregnancy. There are no silver bullets in the current literature. We are learning more about what works to prevent teen pregnancy, but there is clearly much to learn. We have many significant research and demonstration projects currently underway related to teen pregnancy prevention including studies on adolescent behavior, effectiveness of program models, and access to health care and family planning. And we intend to do more. A critical role for the federal government is to pull together what is known and help communities with their efforts to reduce teen pregnancy.

Communities and schools need access to the latest information from national and local research and demonstrations. We are committed to providing information on promising curricula, model programs, training and technical assistance.

WHAT WORKS IN TEEN PREGNANCY PREVENTIONS

QUESTION:

What do we know about what works in teen pregnancy prevention?

ANSWER:

- ▶ [Note this answer draws from the forthcoming report from ASPE and other sources.]

Overall

There are no "silver bullet" programs to reduce teen pregnancy and childbearing, But there are a number of very positive results that point in the right direction.

One must start by understanding what the trends show: contraceptive use among sexually active teens is up, but more teens are sexually active, and fewer are getting married.

Recognizing that the problem involves both sexual activity, contraception, and future expectations suggests something that the literature clearly shows: approaches that simply emphasize one issue or idea are less effective than ones which take a more comprehensive approach. For example, programs which just preach abstinence or only seek to increase contraceptive use, show very modest impacts. But those which send a broader message about responsible behavior which encourage people to delay sexual activity and then insist on responsible contraceptive use when sexual activity begins have been more successful. Ultimately the twin message of opportunity and responsibility seems the most practical approach.

More Detailed Discussion

Multifaceted Education And Skill-building Versus Single Message Programs

Promising programs in this category include Atlanta's Postponing Sexual Involvement. This school based program stressed abstinence in the course of providing information and decision-making skills related to reproductive health, and knowledge of contraceptives.

WHAT IS THE DEPARTMENT DOING TO PREVENT TEEN PREGNANCY

QUESTION:

What is the Department currently doing to prevent teen pregnancy?

ANSWER:

Overall

- ▶ Programs in the Department and in other Federal agencies either directly address the issue of teen pregnancy prevention or address the multiple factors that contribute to teen pregnancy.
- ▶ HHS has programs that encourage abstinence; involve teen parents in issues of teen sexuality; fund family planning services; support health education in schools in order to decrease risk such as sexually transmitted diseases, drug, alcohol and tobacco use; assist youth in crisis situations; and provide positive activities to enhance youth development.

HHS PROGRAMS

These programs include:

- ▶ The Adolescent Family Life Program funds demonstrations and research projects that focus on encouraging abstinence and involving the parents of teens in issues of adolescent sexuality and parenting.
- ▶ The Centers for Disease Control and Prevention funds health education in schools in order to decrease, among other things, sexually transmitted diseases, drug and alcohol abuse, tobacco use, unintentional and intentional injuries.
- ▶ Title X of the Public Health Service Act funds family planning services. Improving outreach and services to teens is a priority of the Title X program.
- ▶ Runaway and homeless youth programs, alcohol and other substance abuse prevention programs, Community Schools, and Empowerment Zones also address a wide range of risk factors related to teen pregnancy.
- ▶ Several block grant programs, including the Maternal and Child Health Block Grant and the Social Services Block Grant can fund family planning, school health and other prevention services.

OTHER AGENCIES

- ▶ Other Federal Agencies are funding programs that complement those in HHS. In particular, education and employment training programs are an important part of creating opportunities that are central to teen pregnancy prevention.

ROLE OF SURGEON GENERAL

- ▶ One of the major roles of the Surgeon General is to provide leadership on the issue of teen pregnancy prevention, both within HHS and for the nation.

BEHAVIORAL IMPACTS EXPECTED FROM CUTTING OFF TEEN MOTHERS

QUESTION:

What behavioral impacts might one expect from cutting off teen mothers?

ANSWER:

- ▶ Cutting off teen mothers would undoubtedly have many behavioral impacts. Such a policy may reduce teen pregnancy and out-of-wedlock births, and it may encourage marriage and work effort. However, it may also lead to increased child poverty, homelessness, child abuse, and many other serious problems. And there is strong evidence that poverty harms children. In the absence of any solid information on the direction and magnitude of the impacts of such a policy, it would be premature to enact such a drastic proposal nationwide.
- ▶ We should carefully design and test a variety of policies aimed at addressing this problem, rather than putting our nation's most vulnerable population at risk, our children. For example, we currently have demonstration projects underway that test the impact of not increasing benefits for families conceiving children while on welfare and requiring minor parents to live at home or in supervised adult living arrangements. These innovative ideas should be tested and evaluated to determine their impacts, so that we can develop sound national policy.
- ▶ The Administration supports an approach that would require minor mothers to live at home, stay in school, make progress toward self-sufficiency, and identify the father of the child. The Administration also supports a national campaign to prevent teen pregnancy by sending a clear message that it is wrong to have a child out of marriage or before the individuals are ready to be good parents. We also support a State option not to increase benefits for children born to mothers on welfare, but we believe this decision should be made by the State, not the Federal government.

NUMBER OF CHILDREN ELIMINATED FROM ELIGIBILITY

QUESTION:

Originally, you claimed that 5 million children would be eliminated from the AFDC as a result of the implementation of the Personal Responsibility Act? How many children are affected immediately under the bill that was just introduced?

ANSWER:

- ▶ Our original analysis of 5 million children losing AFDC eligibility was based on the original Personal Responsibility Act that was presented to the public when the Contract with America was unveiled in September.
- ▶ We are very pleased that the Personal Responsibility Act has become less punitive in its phase-in of the provisions that would deny benefits to children.
- ▶ Our analysis of the revised PRA shows that almost 800,000 children would lose AFDC eligibility or have benefits reduced during the first year of implementation if states adopted the least restrictive option available to them.
- ▶ This least restrictive option would include: denying benefits to children born to mothers under 18 until the mother turns 18; reducing benefits to the children of AFDC applicants who do not have paternity established; denying benefits to children conceived while their parents received AFDC; denying AFDC and food stamps to most non-citizens, and a 5-year time limit on AFDC receipt.
- ▶ At the end of five years after the implementation date, approximately 2.8 million children would be denied or have reduced benefits.
- ▶ If the PRA were fully implemented we believe that 4.6 million children would lose eligibility for AFDC.

PRA EFFECT FOR CHILDREN WHOM PATERNITY HAS NOT BEEN ESTABLISHED

QUESTION:

How would the PRA affect children for whom paternity has not been established? How many children would lose benefits under this provision?

ANSWER:

- ▶ The Personal Responsibility unfairly punishes children for whom paternity is not established by reducing their AFDC grant, even when the mother fully cooperates in efforts to establish paternity. The grant would be reduced by \$50 per month or 15 percent of the monthly benefit. If paternity was later established, those AFDC benefits withheld as a penalty would be remitted to the family. State child support agencies would be overwhelmed with the responsibility of establishing paternities for these children and would likely have to cut services to other custodial parents and shift resources to cover paternity establishment. At full implementation this measure would reduce benefits to 3.2 million poor children.
- ▶ This provision fails to take into account that paternity establishment is a legal process, often involving the courts, that can take as long as one or two years for the child support agency to complete. If the father lives in another State, the process is even more time-consuming. And if the father could not be located, the family would face a reduction in funds that would never be restored to them.
- ▶ Thus, under the PRA, even if the mother fully cooperated with the child support agency and provided them with information about the father, the family would still face a reduction in benefits. That is unfair. A more balanced approach, proposed in the WRA, holds both the mother and the State responsible for fulfilling its obligations in the matter of establishing paternity.

IS THE PRA "WEAK ON WORK"

QUESTION:

Why do you call the Personal Responsibility Act "weak on work"? It seems like it sets both high participation standards and requires a substantial number of hours per week in work activities.

ANSWER:

- ▶ The House measure reported by the Ways and Means Committee allows states to meet the work requirement not only with individuals participating in work activities but also with net caseload reductions below the 1995 level. The latter group counts whether people leave the rolls because of marriage, employment or the five-year limit on welfare benefits.
- ▶ Moreover, the bill repeals the JOBS program which funds welfare-to-work activities. This means funding for work programs would compete with other uses of the limited block grant funds -- such as providing benefits to the poor. Without using the caseload reductions, states would be unlikely to have the resources needed to operate a work program at a scale that met the participation rate requirement.
- ▶ This would give states a strong incentive to terminate benefits to meet the work requirement. States could meet the work requirement without moving a single person from welfare to work. This is why the bill is very weak on work. In addition, the work requirements after the year 2000 seem more illusory than real... (See views letter)

HOW WOULD PRA'S WORK PROVISION AFFECT STATES

QUESTION:

How would the Personal Responsibility Act's work provisions affect the states?

ANSWER:

- ▶ The Personal Responsibility Act replaces the JOBS program with a new mandatory work program. The bill requires States to enroll a steadily increasing percentage of the caseload in work activities for a increasing number of hours (35 hours per week when fully phased-in).
- ▶ Caseload reductions below the 1995 projected level -- regardless of the reasons individuals left welfare -- count towards the participation rate. The primary determinant of caseload reductions is the economy or state decisions to tighten eligibility. Thus, the States most likely to meet the work requirements are those whose economies boom after the effective date or who restrict eligibility -- not those who operate effective work programs.
- ▶ The work provisions will give States a strong incentive to terminate benefits. Meeting the participation rates set by the bill for FY 2002 and subsequent years without using the caseloads reductions would require states to enroll in the work program a number of participants greater than the entire JOBS-mandatory caseload under current law. These work participation standards are actually much higher than those previously achieved in welfare-to-work programs that had the explicit goal of involving as high a proportion of the caseload as possible. Given the expense and feasibility of meeting the rates without caseload reductions -- particularly when the block granting provisions in the bill would severely limit the resources available -- makes it likely that states would terminate benefits.
- ▶ Under current law, some recipients are exempted from JOBS participation, including those with a disability and those who are caring for a very young child. In addition, households in which there is not adult recipient are not subject to the participation requirement. Under the Personal Responsibility Act, all exemptions from participation would be eliminated. Recipients who were, for example, caring for a disabled child would be subject to the work requirement.

- o An estimated 512,000 disabled children currently on SSI and who meet the "medical listings" criteria, but who are not in institutions nor require full-time attention of a parent or health care provider. These children would retain SSI cash benefits, but the bill is silent about Medicaid, and coverage of newly-applying children would be up to the states.
- ▶ Other unclear categories include those who would meet current "transitional Medicaid" requirements, where paternity is not established, where parents fail to participate in work requirements, and where families make an interstate relocation.

(2) Paternity Establishment

If a relative claiming aid for a dependent child does not cooperate in establishing paternity, then the family would be ineligible for both AFDC cash benefits as well as Medicaid. This is consistent in concept with current Medicaid law, although the specific requirements for cooperation differ.

WHY HAVE JOB TRAINING RESULTS NOT BEEN SUCCESSFUL

QUESTION:

Why have job training results not clearly been successful?

ANSWER:

- ▶ There is very clear evidence that welfare-to-work programs can have modest impacts in raising employment rates and earnings of welfare recipients, and in reducing welfare caseloads and dependency.
- ▶ For example, a comprehensive study of California's GAIN program showed that, on average, it increased earnings and reduced welfare. In Riverside County, GAIN led to a 26 percent increase in the share of AFDC recipients working, a 49 percent increase in average earnings, and a 15 percent decline in welfare outlays, all of which helped the program return to taxpayers almost \$3 for every \$1 spent to run the program. Riverside's program helped produce dramatic results for all groups in the caseload, including very long-term recipients, people with poor educational skills, and people with preschool-age children.
- ▶ Additional strategies can also help welfare recipients become self-sufficient:
 - The Administration supported the recently enacted expansion in the EITC.
 - The Administration believes that welfare should be about a paycheck, not a welfare check. Each recipient should be required to move into the workforce as quickly as possible; support, job training, and child care should be provided to help people move from dependence to independence. Time limits should ensure that anyone who can work, must work--in a private sector job if possible, in a temporary, subsidized job if necessary.
 - The Administration also supports greater State flexibility.

LESSONS LEARNED FROM IMPLEMENTATION OF FAMILY SUPPORT ACT

QUESTION:

What are the most important lessons learned from the implementation of the Family Support Act?

ANSWER:

- ▶ The Family Support Act was enacted in 1988 to make work a more integral part of the welfare program and to give more support, including transitional child care and medical coverage, to families who try to become independent by taking jobs. It also made substantial improvements in the child support enforcement system to ensure that both parents take responsibility for supporting their children. While we believe that the Family Support Act did not go far enough, we did learn some important lessons from its implementation:
- ▶ First, welfare-to-work programs are effective in increasing the employment and earnings of welfare recipients and producing savings for the government. Programs emphasizing job search or employing a mixed service strategy appear to be particularly effective. For example, the Riverside GAIN program, which had a strong focus on immediate job placement, but also included education and training activities, produced the biggest effects on earnings and employment yet seen. Programs with a strong focus on education and training have not been evaluated as extensively, but few tend to be cost-effective yet.
- ▶ Any welfare reform strategy must recognize the great demographic diversity, characteristics and needs of clients. While most clients do want full-time work, many lack work experience and one-third lack the basic skills to get most jobs. A quarter to one-third of recipients have health and emotional problems and impairments that prevent work or preparation for work. As a result, many families lose work and return to welfare within two years due to medical conditions, child care or transportation problems, family problems, etc.
- ▶ States need ample lead time to implement effective welfare-to-work programs. The implementation strategies adopted by States reflect programmatic diversity and a wide range of experience in implementing the Family Support Act. States continue to modify and improve their programs based on research and positive outcomes like those of Riverside. Expectations that welfare reform changes will have dramatic, immediate impacts are unrealistic.
- ▶ Due to budgetary constraints and increasing caseloads, many States failed to invest enough State and local dollars to obtain their entire Federal entitlement. As a result, underfunding has been a persistent and consistent problem.

SUBSTANCE ABUSE TREATMENT FOR AFDC RECIPIENTS

QUESTION:

Do you support requiring AFDC recipients addicted to drugs or alcohol to participate in treatment programs?

ANSWER:

- ▶ I support requiring those recipients who are addicted to participate in available treatment programs, since such addictions impair the ability of recipients to become self-sufficient.

QUESTION:

Do you support mandatory, random drug testing of recipients who are in treatment programs and after they complete the programs?

ANSWER:

- ▶ Many of these programs involve testing as part of the treatment and I can certainly support that. Beyond that, it would depend on how they are to be used. There are constitutional and other legal considerations and I hesitate to comment on an issue of law.

BLOCK-GRANTING FOOD PROGRAMS

QUESTION:

Does the President favor the concept of block-granting food assistance programs to the States as the GOP proposes?

ANSWER:

- ▶ No. The Administration opposes block grants for nutrition programs. Enactment and implementation of the Contract with America Welfare Reform bill would have substantial consequences for the safety net of food assistance programs now in place, for the nutrition and health of low-income Americans who rely on those programs, on the level and distribution of Federal support to States, and for the food and agriculture communities. The Child Nutrition and WIC programs, in particular, have a long history of producing significant and measurable nutrition outcomes among the children who participate in them. The programs work because national nutrition standards are established, required, and verified, and because the funding structure ensures that the programs can expand to meet the increased needs that are created by a recession or similar downturn. The proposed block grant structure would eliminate both of these protections, leaving children vulnerable to shifts in the economy, and to changes in nutrition standards that could be driven more by cost considerations than children's health.
- ▶ The proposed block grant would be treated as discretionary, rather than mandatory, spending for budget purposes. It would compete with other discretionary programs for limited funds, and there is no guarantee that Congress would appropriate the full amount authorized in any given year.
- ▶ The proposed block grant would end the entitlement to food. Under today's programs, food stamps and school lunches are automatically available to families if unemployment and poverty rise. The proposed bill would eliminate the mandatory entitlement of the Food Stamp and Child Nutrition programs.

► The proposed block grant would limit the ability of food assistance programs to respond to changing economic conditions. Historically, the Food Stamp and Child Nutrition programs have automatically expanded to meet increased need when the economy is in recession and contracted when the economy is growing. As unemployment and poverty grow, so does program participation, thus cushioning some of the harsher consequences of economic recession. The indexing provisions in the proposal would not offer the same automatic adjustment. If Federal funding for food assistance no longer automatically increases as the economy falls into recession and unemployment and poverty rise, States would have to decide whether to cut benefits, tighten eligibility, or dedicate their revenues to anti-hunger programs. The demand for assistance to help the poor would be greatest at precisely the time when State economies are slumping and tax bases are shrinking.

WELFARE USE BY IMMIGRANTS

QUESTION:

What's wrong with restricting benefits to non-citizens? If immigrants want to become eligible for benefits, why not require them to naturalize?

ANSWER:

- ▶ We support making sponsors more responsible for the family members they bring into the country. We also support the recommendation of the Barbara Jordon commission to make the current affidavit of support legally binding. However, we believe setting eligibility based on these criteria is preferable to denying benefits solely because of citizenship status.
- ▶ For example, under the House legislation, legal immigrants who become disabled within 5 years of entry into the United States, or lose their job through no fault of their own, would be ineligible for any kind of federal assistance whatsoever.
- ▶ While some of these immigrants may have sponsors who can assume some financial responsibility for them, there are a number of immigrants who have never had sponsors or whose sponsors have died or themselves become disabled. It is estimated that at least one-fifth of all legal immigrants are admitted to this country without sponsors.
- ▶ Denying federal assistance to all legal immigrants--as proposed in the House bill--will merely shift the legitimate and necessary costs of certain assistance (e.g., medical care under Medicaid) to state and local governments--or other entities such as hospitals--already reeling from tight fiscal pressures.

Background:

- ▶ Current immigration law requires immigrants to reside in the U.S. for at least 5 years before becoming eligible to naturalize except for a spouse who becomes eligible in 3 years. Legal immigrant children under 18 years can not naturalize unless their parents are citizens. Many INS district offices currently have large backlogs causing delay in naturalizations (e.g., from 6 months to a year or more). The current discretionary nature of the citizenship tests can pose greater or lesser roadblocks to legal immigrants, depending on their place of residence and the examiner implementing the test.

SIMILARITIES BETWEEN THE ADMINISTRATION AND THE PRA IMMIGRANT PROVISIONS

QUESTION:

The Administration's welfare reform bill also cut benefits to immigrants. What is the difference between the two bills and is there any common ground that can be reached by the Administration and Congress regarding a policy of legal immigrant eligibility for benefits?

ANSWER:

- ▶ There are three major differences between the PRA and the Administration approach to determining the eligibility of immigrants for benefits.
 - (1) The PRA would affect virtually all legal immigrants, while the Administration's plan would target sponsored legal immigrants only.
 - (2) The PRA would take benefits away from current recipients, such as the elderly and disabled receiving SSI and Medicaid, while the Administration's policy would only affect new applicants.
 - (3) The PRA would deny eligibility to legal immigrants under 52 different programs, including child nutrition and immunization programs, while the Administration would target major entitlement programs only.
- ▶ Due to these differences, the PRA would affect about 1.5 million legal immigrants in the first year of implementation (i.e., after the 1-year phase in), while the Administration plan would affect about 85,000 legal immigrants.
- ▶ CBO has estimated that the PRA immigrant provision would have a 5-year federal savings of about \$22 billion, while the Administration provision would save about \$3.5 billion.
- ▶ About two-thirds of the PRA savings would come from taking away the SSI and Medicaid from current legal immigrant recipients, many of whom are disabled.
- ▶ We are committed to working with the Congress to develop the best policy governing the receipt of benefits by legal immigrants.

- ▶ However, we note that our policy is entirely consistent with recommendations made by the bipartisan Commission on Immigration Reform chaired by the Honorable Barbara Jordan, whereas the PRA goes in the opposite direction from the recommendations made by the bipartisan Commission.
- ▶ We believe that after further review and consideration, Congress will agree that a policy more targeted towards sponsored immigrants not only addresses the specific concerns and problems that have been identified, but also is more consistent with our traditions, our ethics, and our national interest.

NON-PERMANENT RESIDENTS RECEIVING SSI BENEFITS

QUESTION:

There is evidence that both illegal aliens and legal aliens who have been here only a short period of time are receiving SSI benefits. Do you think that this is appropriate and, if not, what would you suggest?

ANSWER:

- ▶ The law prohibits illegal aliens from receiving SSI. In order to be eligible for SSI, aliens must be either lawfully admitted for permanent residence (immigrants) or permanently residing in the United States under color of law (PRUCOL). Although some aliens who are PRUCOL could have entered illegally, they are now in the country with the knowledge and permission of the Immigration and Naturalization Service, which gives them color-of-law status. "Illegal aliens" are those who are evading detection by immigration authorities.
- ▶ PRUCOL aliens -- who generally do not have immigration sponsors--may be eligible for SSI after they have been in the United States for 30 days. Data show that 57 percent of the 186,600 PRUCOL aliens on the rolls in December 1994 came onto the SSI rolls within 12 months after they arrived in the country. Eighty percent of PRUCOL aliens are refugees, asylees, or parolees.
- ▶ Aliens who are lawfully admitted for permanent residence generally have sponsors who have signed affidavits of support. SSI law requires that in determining SSI eligibility and benefit amounts for immigrants, a portion of their sponsors' income and resources be considered to be the immigrants' for 5 years after their admission into the United States. (Under current law, the 5-year deeming period is temporary and will become 3 years effective October 1, 1996.)
- ▶ Although immigrants also may be eligible for SSI 30 days after they enter the country, sponsor-to-alien deeming is instrumental in delaying SSI eligibility, as shown by the fact that only 15 percent of the 551, 530 immigrants on the rolls in December 1994 came onto the rolls before the end of the sponsor-to-alien deeming period. These are aliens whose sponsors' incomes and resources were low enough to permit SSI eligibility based on deeming or whose sponsors had died.
- ▶ The President's welfare reform legislation introduced in the 103rd Congress including provisions to eliminate eligibility of several PRUCOL categories, to make permanent the 5-year deeming period, and to prohibit SSI eligibility to immigrants after the deeming period if their sponsors' incomes exceeded the national median income. I anticipate that similar proposals for tightening alien eligibility and extending sponsorship obligations will continue to be part of the Administration's legislative initiative in 1995.

ADDITIONAL INFORMATION

- ▶ California's Proposition 187 should have no effect on Federal SSI benefits or SSI State supplements. First, the Proposition, as a State provision, cannot affect Federal SSI benefits. Second, to be eligible for SSI or federally administered State supplements, aliens must be lawfully admitted for permanent residence or permanently residing in the United States under color of law, which includes all aliens known to the Immigration and Naturalization Services (INS) and whom the INS is allowing to remain in the country. Proposition 187 is aimed at "illegal" --i.e., undocumented--aliens, meaning aliens who are in the country without permission and are evading detection by immigration authorities.

SHOULD SSI BE AN ENTITLEMENT

QUESTION:

It has been proposed that funding for SSI should be placed under an aggregate welfare program cap and converted from an entitlement into a discretionary program. Should SSI remain an entitlement?

ANSWER:

- ▶ Converting a program that supports elderly and seriously disabled Americans to a discretionary program cap could have serious implications. The SSI program serves individuals that are unable to work and not expected to work. We are talking about persons who, in addition to being poor, are also elderly or blind, or have other serious disabilities.

- ▶ The SSI program ensures that there is a national standard of eligibility and of assistance for poor elderly and disabled Americans. The practical effect of making SSI a discretionary program would be that if the appropriation is exceeded before the fiscal year ends, the U.S. Treasury would not be able to issue any more checks for SSI recipients unless a supplementary appropriation is passed. New applicants would be turned away.

FAMILIES "COACHING" CHILDREN TO OBTAIN SSI PAYMENTS

QUESTION:

There have been stories circulating about families "coaching" their children to "fake" a mental disability to obtain the SSI payment. Does the Administration have a plan to stop this practice?

ANSWER:

- ▶ In 1993, SSA reviewed a large sample of disability claims for children. The study found no evidence of widespread "coaching" of children. SSA has taken numerous actions to avert future errors, including extensive training for eligibility determinations workers to ensure that only eligible children are allowed benefits and stepped up efforts to encourage fraud and abuse to be reported.
- ▶ Although SSA's investigation has found no widespread fraud or abuse in the children's disability program, I believe what is surfacing is confusion and legitimate concern about the intent of the SSI program with respect to children. As required by law, I have appointed a commission to examine the basic definition of disability in children and to explore other issues such as the feasibility of providing benefits through non-cash means.
- ▶ However, we believe it would not be appropriate to deal with allegations of fraud by arbitrarily cutting out eligible groups of children with disabilities.
- ▶ We expect the Commission to advise us on how to best target benefits to those with the greatest need.

TRANSFER OF OASI TRUST FUNDS TO THE DI TRUST FUND

QUESTION:

How much money was transferred to the DI trust fund from the OASI trust fund and when will the DI fund be insolvent?

ANSWER:

- ▶ For the period 1/94 through FY 1999, an estimated \$106 billion will be redistributed from the OASI Trust Fund to the DI Trust Fund.
- ▶ Current projections are that the DI Trust Fund will remain solvent until 2015.

ADDITIONAL INFORMATION

- ▶ On 11/1/94, we transferred retroactively \$14.2 billion from the OASI Trust Fund to the DI Trust Fund to cover the period from 1/94 through 9/94. This amount is included in the estimated \$106 billion.

LONG-TERM FINANCING PACKAGE - BIPARTISAN

QUESTION:

At Commissioner Chater's confirmation hearing on February 16, Commissioner Chater indicated that we need to lay out options that will enable us to strengthen Social Security's long-term solvency, yet she was unwilling to offer specifics. What options can you suggest to address this concern?

ANSWER:

- ▶ First, I would like to stress the need to develop a long-term financing package through a bipartisan process. The 1983 National Commission on Social Security Reform, established by President Reagan and sometimes known as the Greenspan Commission, was a bipartisan Commission. The Kerrey Commission was also bipartisan.
- ▶ And, I am proud to say, the Advisory Council I named in June of 1994 is a Bipartisan Council. That Council was specifically mandated to study the financing problems faced by Social Security and to recommend several options.
- ▶ The Advisory Council is expected to report in mid-summer of this year. These members, including some well known to you, such as Bob Ball and Carolyn Weaver, have worked now for many months on designing packages of financing options.
- ▶ I can offer some general comments on this issue. Social Security is among the most sensitive issues in America. Through a bipartisan effort we must find a workable solution to re-establish the long-range health of the social security program, one of the most successful programs of this century.
- ▶ Any solution must be comprehensive in nature and must fairly distribute any impact from program changes between workers and beneficiaries.
- ▶ We have time. There is no crisis, but we should begin to work together to address these issues.

IMPORTANCE OF CHILD CARE FOR WELFARE REFORM

QUESTION:

How important is child care for the success of welfare reform?

ANSWER:

- ▶ Critically important. Families need child care assistance so they can move off of welfare, just as low income working families need child care assistance to remain out of the welfare system. That is why child care was a central component of the Family Support Act and the Work and Responsibility Act, and must be part of any successful welfare reform legislation.
- ▶ States have shown that child care is critical to the success of welfare reform. The waiver applications received by the Department demonstrate that states which are committed to making AFDC recipients work view child care as an indispensable tool in their efforts. For example, welfare reform efforts in New York, Iowa, Florida, Illinois all expand transitional child care assistance for families struggling to make the transition from welfare to work.
- ▶ GAO conducted a study of participants in welfare-to work programs in 1987, and 60% reported that lack of child care was a barrier to work. A recent GAO report found a 50% increase in workforce participation of poor women when child care was provided.
- ▶ Without child care assistance, many low income working families would be forced onto welfare. Low-income working families who pay for child care already spend more than a quarter of their income for child care. Families should not have to go into the welfare line to get child care.
- ▶ Previously, strong families and neighborhood bonds created many informal supportive networks in which grandparents or a neighbor provided child care. Although this still occurs in some places, due to economic changes over the last two decades, many of these informal providers, out of necessity, have had to enter the workforce- The picture of a grandma at home able to care for the children is often gone- Grandma today is working. Assistance with child care has become critical for poor working families.

PRESIDENT'S CHILD CARE PROPOSALS

QUESTION:

What has the President proposed for child care?

ANSWER:

- ▶ The President is committed to ensuring parents the choice of quality child care in order to ensure their economic self-sufficiency. In the Work and Responsibility Act introduced last year, this Administration emphasized the importance of child care by:
 - Ensuring child care for parents moving from welfare to work.
 - Maintaining our commitment to those working families struggling to stay off of welfare by providing vital child care assistance to more of these families over the next five years.
 - Ensuring greater consistency across federal child care programs.
- ▶ In addition, the Administration has taken the lead in improving the coordination of federal child care efforts.
 - Our budgets have proposed to consolidate discretionary child care programs (Child Development Scholarship Program, and State Dependent Care Grants) with the larger Child Care and Development Block Grant.
 - We restructured our own operations to bring all child care programs together under a single Child Care Bureau, to streamline these operations.
 - We proposed regulatory changes across child care programs to give states greater flexibility, to ease program administration and to improve services available to children and families.

HOUSE REPUBLICAN CHILD CARE PLAN

QUESTION:

What are your views on the Child Care Block Grant proposed by House Republicans?

ANSWER:

- ▶ The Administration has registered its serious concerns about the House Republican child care proposal -- which will cut more than \$2.3 billion (or 20 percent) over the next five years from the child care assistance we are now providing low income families.
- As I said in my statement, I don't know anyone who thinks we can get more single parents working by spending less on child care. Yet under the House Republican plan, 400,000 fewer children of low income parents would receive child care assistance in the year 2000.
- The House Republican plan would repeal the current guarantees for child care for AFDC parents participating in education and training or making the transition from welfare to work.
- This is one of the reasons we believe the House plan is weak on work -- for without child care assistance, welfare reform will not succeed in moving recipients into the workforce and toward self-sufficiency.
- In addition, these cutbacks are particularly harsh on low income working families whose federal child care assistance has allowed them to stay off of welfare. These cuts are likely to push many of them right onto the welfare rolls.
- ▶ We believe that federal child care efforts can and must be better coordinated in partnership with the states and we have taken actions to achieve this. But the House Republican child care plan is not about improving child care choices available for low income families -- it is about drastically limiting those choices.

CHILD CARE GUARANTEE

QUESTION:

Should a welfare reform bill include a child care guarantee?

ANSWER:

- ▶ A welfare reform bill should include a guarantee of child care for people who are moving from welfare to work. It should also include increased funding for child care for the working poor.
- ▶ We subsidize child care for middle and upper income people through the tax credit, which is in fact an entitlement. It doesn't make any sense to guarantee child care for middle and upper income families but deny child care help to low income working families and welfare families making the transition to work.

HOUSE REPUBLICAN CHILD PROTECTION PROPOSAL

QUESTION:

What are your views about the child protection plan proposed by House Republicans.

ANSWER:

- ▶ The Administration has serious concerns about this proposal. At a time when child protection systems are already seriously overburdened by increasing reports of child abuse and neglect, and often fail to provide essential services, the House Republican proposal leaves millions of children at risk by:
 - reducing current support for child protection programs by more \$2.8 billion over the next five years.
 - eliminating many important protections now guaranteed to children in foster care.
 - eliminating the adoption assistance program that has allowed parents to adopt children with special problems and needs.
 - virtually eliminating federal monitoring and accountability mechanisms.
 - allocating funds under current claiming patterns that disregard the serious imbalances among the states, or the changing needs over the next five years.

CONSOLIDATION OF CHILD WELFARE PROGRAMS

QUESTION:

There are numerous different federal child welfare programs, its no wonder that governors are pushing for block grants. Should we simply consolidate all the child welfare programs into a single block grant to the states?

ANSWER:

- ▶ This Administration is committed to improving coordination and consistency among government programs.
- ▶ It is critical to keep in mind, however, that the child welfare system serves some of the most vulnerable children in our society. Because the very lives of these children are at stake, we urge great caution before undertaking actions that may leave millions of children at risk. Thus, we urge that any consolidation in this area:
 - o Retain the current federal guarantee of resources for a safe foster home for low-income children who need protection, and a loving adoptive placement for special needs children. This federal guarantee has been a critical safety net for states and for children.
 - o Build in national accountability, enforcement, and support (such as training, technical assistance, and resources), to ensure that all services protect the safety, permanence, and well being of vulnerable children. This national framework should include adequate, specified protections and standards of care.
 - o Respond to the varying needs of states, their different starting points, and the unpredictability of child abuse and neglect incidence and child welfare caseloads.

ENTITLEMENT FOR FOSTER CARE AND ADOPTION ASSISTANCE

QUESTION:

Do you support the continuation of the Foster Care and Adoption Assistance Program currently authorized under Title IV-E of the Social Security Act?

ANSWER:

- ▶ We remain committed to ensuring the protection of the most vulnerable children in our society -- the abused, neglected, abandoned and seriously troubled children -- in need of foster care or adoption.
- ▶ We believe that the support that has been guaranteed to responsible adults who provide foster care for these low income children or who adopt children with special needs must be retained. It is already extremely difficult to recruit foster and adoptive parents. It will be much more difficult to do so if we can no longer assure such parents that federal support will be available to them.

ADDITIONAL QUESTIONS AND ANSWERS

UNWED TEEN MOTHERHOOD IS NOT THE WAY TO GET WELFARE	42
CAUSES OF TEEN PREGNANCY	43
WHAT IS HHS DOING IN TEEN PREGNANCY PREVENTION RESEARCH	45
CURRENT TEEN PREGNANCY AND CHILDBEARING TRENDS	47
FEDERAL SHARE-AFDC	48
EDUCATION PROVIDED BY THE PERSONAL RESPONSIBILITY ACT	49
TRAINING AND SUBSIDIZED JOB PROGRAM TO END WELFARE	50
HOW SIGNIFICANT IS ACCESS TO ABORTION	51
BEHAVIORAL IMPACTS EXPECTED FROM TIME LIMITS ...	52
LEGAL IMMIGRANTS AND THE ADMINISTRATION'S WELFARE REFORM PLAN	53
RECOMMENDATIONS OF THE BIPARTISAN COMMISSION ON IMMIGRATION REFORM (CIR)	55
FRAUDULENT CLAIMS INVOLVING INTERPRETERS FOR NON-ENGLISH SPEAKING CLAIMANTS	56
STATUS OF DELAWARE WAIVER	58
STATUS OF KANSAS WAIVER	59

STATUS OF MONTANA WAIVER	60
STATUS OF NORTH DAKOTA WAIVER	61
STATUS OF OKLAHOMA WAIVER	62
STATUS OF OREGON WAIVER	63
FEDERAL ROLE IN CHILD CARE	64
FAMILIES RECEIVING FEDERAL CHILD CARE ASSISTANCE .	65
CONSOLIDATION OF CHILD CARE PROGRAMS	67
WOULD CONSOLIDATION ELIMINATE DUPLICATION AND FREE UP SIGNIFICANT OF FUNDS	68
CHILD CARE STANDARDS--FEDERAL OR STATE	69
DEPENDENT CARE TAX CREDIT	70
EARNED INCOME TAX CREDIT	71
THE DODD/KENNEDY CHILD CARE BILL	72
ORPHANAGES-GROUP HOMES	73
MULTIETHNIC ADOPTION	74
SSI AND CHILDREN	75
FAMILIES RECEIVING SSI AND OTHER WELFARE BENEFITS	76
IMPACT OF SSI PROVISIONS	77
PUBLIC ACKNOWLEDGEMENT OF TRUST FUND PROBLEMS	78
NOTCH COMMISSION	79

UNWED TEEN MOTHERHOOD IS NOT THE WAY TO GET WELFARE

QUESTION:

You say you are concerned about teen pregnancy and out-of-wedlock childbearing, yet you do very little in your bill to reduce it. Isn't it time we simply made it clear that having a child as an unwed teenage mother is not the way to get welfare?

ANSWER:

- ▶ Preventing teen pregnancy and out of wedlock births is a critical part of welfare form. The numbers are shocking. In 1992, over 400,000 children lived with teenage mothers. About two-fifths (42 percent) of all single women receiving AFDC were or had been teenage mothers. Four out of five children of teenaged mothers who drop out of school live in poverty. This is a national tragedy.
- ▶ The most important thing we can do to prevent teenage pregnancy is motivate young people to abstain from sex. This is no simply a matter of passing out information. It means taking bold steps to instill healthy attitudes, high self-esteem and credible expectations. Both young men and women need to be held responsible for their behavior. We need to address the reasons teens get pregnant. Some teens have insufficient education. Some have limited access to health care professionals. For too many younger teens pregnancy is often related to rape or having sex against their will.
- ▶ Teen pregnancy is a problem of gigantic proportions. To solve it, we need consistent and sensitive leadership from our families, our communities and our civic and religious leaders.

CAUSES OF TEEN PREGNANCY

QUESTION:

What are the causes/antecedents of teen pregnancy?

ANSWER:

Overall

- ▶ The primary factors that are associated with teenage sexual activity and parenthood are socioeconomic disadvantage, school failure, behavior problems and risk taking.
- ▶ More nebulous but also important factors are the absence of a set of family strengths which instill in children and adolescents the will and capacity to postpone parenthood.
- ▶ Earlier physical maturation, increasing teen sexual activity, and a high incidence of non-consensual sexual intercourse have raised the likelihood of pregnancy among adolescents. It is important to recognize that teens report 85% of all pregnancies are unintended.

Specific factors

- ▶ *Earlier Menses*
Women become fertile (menarche) 2 years earlier and marry 2 years later than they did a century ago. The interval between puberty and marriage--the potential period for premarital sex--has widened by more than 4 years.
- ▶ *Earlier Sexual Activity*
Over the past 30 years, a growing proportion of men and women have become sexually active in their teens. Nationwide, 53 percent of students in grades 9-12 reported they had ever had sexual intercourse. More male than female students reported having had sexual intercourse.
- ▶ Early sexual activity does not always involve young men and women of similar ages in consensual activity.
- ▶ Almost half of sexually active women under 15 have been raped or forced to have sex against their will.
- ▶ The male partner is often considerably older. Some 20 percent of teen mothers who gave birth became pregnant by a man at least 6 years older, and 30 percent of mothers aged 15 reported the father was 21 or older.

• *Contraceptive Use*

Contraceptive use has increased but not enough to offset the increased rates to sexual activity. Contraceptive use is rising among sexually active teens. While less than half of all teens used contraception at the time of first intercourse in 1982, by 1988, nearly two-thirds reported such use. Nearly all of the increase can be traced to a dramatic rise in condom use.

• *Declining Marriage*

Over time marriage rates have fallen and sexually activity has increased. Marriage has fallen sharply among teens. Between 1970 and 1991, the percent of teens who get married fell more than 50% from 10.9% in 1970 to 4.7% in 1991. The change is particularly significant among older teens. Fewer and fewer pregnant teens choose to marry. As a result, fewer and fewer children born to teens are born in wedlock.

Limited Choices

• Too many youth do not see a reason to delay parenthood. They believe they will not succeed in school or the work force. We must give youth the opportunities to succeed. Without a future, youth cannot care enough about consequences to act responsibly.

• Often teens who become pregnant do not benefit from a set of family strengths including nurturance and love, monitoring and discipline, clear values and authoritative communication. These instill in children and adolescents the will and capacity to postpone parenthood until they have themselves formed strong and stable families.

WHAT IS HHS DOING IN TEEN PREGNANCY PREVENTION RESEARCH

QUESTION:

What is HHS currently doing in teen pregnancy prevention research?

ANSWER:

Overall

- ▶ We have extensive research and demonstration projects currently underway in a number of critical areas related to teen pregnancy prevention. Studies methods include examining existing interventions and evaluations, demonstrations, and data collection and analysis in the areas of adolescent behavior and access to health care and family planning.
- ▶ We are working to identify and fill our gaps in knowledge.

Summary of interventions, evaluations and most recent literature

- ▶ We have funded a study that reviews evaluated pregnancy prevention programs to determine what works. The study also reviews the status of current research and identifies gaps in knowledge and research. We anticipate that it will be ready for publication in late April.

Demonstrations

- ▶ There are many demonstrations related to teen pregnancy prevention strategies currently underway or proposed.
- ▶ One of the most significant was funded last year. We expect the Centers for Disease Control and Prevention to award \$4.5 million worth of grants to communities with high rates of teen pregnancy by the end of FY 1995. The focus of the program will be on the development and evaluation of community partnership coalitions.

Data Collection and Analysis

- ▶ As you know, every year HHS collects and disseminates the most comprehensive national fertility information available.
- ▶ Last year, the Congress directed us to conduct a comprehensive, prospective longitudinal national study on adolescent health. The study, known as ADD HEALTH, is expected to be the most comprehensive study on adolescents to date undertaken by DHHS.

- ▶ We have awarded a five year grant to conduct wide-ranging data analyses on family planning need and service availability, with a focus on adolescents and lower income women. The goal of the project is to learn how to reduce unintended pregnancies and reduce the number of teenage pregnancies.
- ▶ We are also funding a study that analyzes data on adolescents' use of time in hopes of finding the best places to intervene.
- ▶ We are awarding grants to study unwanted and unintended pregnancy in the United States. Two of the studies will focus specifically on adolescents.

I look forward to sharing the findings of these efforts with you.

CURRENT TEEN PREGNANCY AND CHILDBEARING TRENDS

QUESTION:

What are the current teen pregnancy and childbearing trends?

ANSWER:

- ▶ From 1990 through 1993, the proportion of high school students who reported being sexually experienced remained stable, while an increasing percentage of sexually active students used condoms, thereby reducing their risk for unintended pregnancy and sexually transmitted diseases, including HIV infection.
- ▶ *Birth Rate*
While the birth rate for teens aged 15-17 increased 27 percent between 1986 and 1991, (from 30.5 to 38.7 per 1000 teens,) the birth rate for this age group declined by 2 percent between 1991 and 1992, to 37.8.
- ▶ *Contraceptive Use*
The percentage of those currently sexually active students who reported condom use at last sexual intercourse increased significantly, from 46 percent in 1991 to 53 percent in 1993. Oral contraceptive use at last sexual intercourse increased from 14.6 percent in 1990 to 18.4 percent in 1993.

FEDERAL SHARE - AFDC

QUESTION:

How did you arrive at the figure of \$1000 for the average federal share of AFDC per child?

ANSWER:

- ▶ We divided the total 1993 federal expenditures on AFDC by the number of recipients. That leads to an average of slightly less than \$1000 per recipient.
- ▶ We calculated the weighted average federal benefit payment and administrative cost per recipient for each state. The Federal share of AFDC for the nation came to slightly less than \$1000 per recipient.

EDUCATION PROVIDED BY THE PERSONAL RESPONSIBILITY ACT

QUESTION:

How much education and training would the Personal Responsibility Act provide for welfare recipients? Is it necessary to offer education and training to all recipients?

ANSWER:

- ▶ While many recipients do not require education and training services in order to obtain a job, a significant number of recipients face obstacles to employment, including physical disabilities and low levels of basic skills. Education, training, and job placement services can help recipients overcome these obstacles.
- ▶ Education and training services help recipients become job ready; they are better prepared for the labor force and better able to stay employed and off welfare. Evaluations of the JOBS program and welfare-to-work initiatives have found that these programs consistently enhance recipients' chances of finding and maintaining employment.
- ▶ The Personal Responsibility Act does not require that recipients participate in education and training activities. Only individuals in work activities and the number of the cases below the 1995 projected caseload level would count towards the participation rate. Moreover, individuals in education and training would only count toward the participation rate if they were working 20 hours per week -- this would be logistically difficult for many recipients. Overall, because of the way the participation rate is defined, States would have strong incentives to cut individuals off the rolls, but little incentive to place them in education and training activities.
- ▶ In contrast, the Administration's proposal would ensure that all employable recipients are immediately required to participate in job search, education, or training, and States would be expected to hold up their end of the bargain. We think this sends a very important message to people from the very first day they go to welfare: You must work: we expect that, and we will help you prepare for it.

BACKGROUND: Under PRA, States are mandated to enroll a steadily increasing number percentage of the caseload in work activities (for a steadily increasing number of hours -- up to 35 hours per week). Education and training are only allowed if the individual participated in work activities for 20 hours per week. The growth of the work program would almost certainly crowd out virtually all education and training services (which would not count towards the work participation rate). Moreover, states would have strong incentives to terminate benefits since caseload reductions below the 1995 projected level count towards the participation rate.

TRAINING AND SUBSIDIZED JOB PROGRAM TO END WELFARE

QUESTION:

Will it be necessary to create an expensive training and subsidized job program to end welfare dependency?

ANSWER:

- ▶ The Personal Responsibility Act sets very ambitious standards for the new work program, gives states strong incentives to cut individuals off welfare to meet the participation rate, but has no provisions whatsoever to ensure States provide education and training to more than a nominal number of recipients. Many recipients, however, face substantial barriers to employment, including physical disabilities and low levels of education and basic skills, and will require education, training and job placement services in order to find and retain employment.
- ▶ Evaluations of welfare-to-work programs such as the SWIM and GAIN programs have found that a substantial investment in education, training, job search and job placement services can lead to significant welfare savings.
- ▶ Studies of community work experience ("workfare") programs operated under the welfare-to-work demonstrations of the 1980s -- similar to those proposed in the PRA -- found little or no evidence that participation in such activities increased employment rates or earnings or reduced welfare payments. Unlike the Work and Responsibility Act of 1994, the PRA requires States to terminate AFDC benefits after 5 years, even if no jobs are available in the area and the recipient is willing to work in exchange for support. The evidence suggests, however, that participation in workfare programs will do little to enable recipients to find employment once they reach the five-year limit.

HOW SIGNIFICANT IS ACCESS TO ABORTION

QUESTION:

How significant is access to abortion?

ANSWER:

- ▶ Since the 1970s, abortion rates have declined among sexually experienced teens. (AGI)
- ▶ Since 1988, the proportion of teen pregnancies ending in birth rather than abortion has risen. (AGI)
- ▶ In all, 53 percent of teens 15-19 years old who experience unintended pregnancies have an abortion, compared with 47 percent of older women who have unintended pregnancies. (AGI)
- ▶ Nearly three-quarters of higher income teens who experience unintended pregnancies have abortions, compared with fewer than half of those from poor or low-income families. (AGI)

BEHAVIORAL IMPACTS EXPECTED FROM TIME LIMITS

QUESTION:

What behavioral impacts might one expect from time limits?

ANSWER:

- ▶ The behavioral impacts from time limits are not known. However, the Administration has provided waivers involving time limits on benefits or work requirements for continued benefit receipt in a number of States. The evaluations of these demonstrations are designed to determine the impacts on employment, earnings, welfare receipt, homelessness, and a host of other outcomes that are important.
- ▶ Because of the expectations and urgency created by time limits, clients will be more likely to see the need to either get employment or complete educational/job skills components more quickly. The actual behavioral effects from a time limit would depend on a host of factors, such as who the time limit applies to, the length of the time limit, what services are provided to help individuals prepare for the time limit, and what happens after the time limit, to name just a few of the critical issues.
- ▶ The Administration supports an approach that would transform the welfare system into a transitional system focused on work. It would have strict requirements to participate in and clear responsibilities for States to provide education, training, and placement assistance; it would have serious time limits after which work would be required; it would ensure that children would not be left alone when parents were working by providing assistance for child care; it would put parents to work, not just cut them off; and it would ensure that children can expect support from two parents.
- ▶ We are concerned about proposals that would completely cut-off recipients after reaching the time limit. The Administration firmly believes that those who play by the rules should not be penalized. Families should not be punished for the lack of adequate economic opportunities, especially in areas that suffer economic hardship.

LEGAL IMMIGRANTS AND THE ADMINISTRATION'S WELFARE REFORM PLAN

QUESTION:

Why doesn't the Administration favor cutting off welfare benefits to legal immigrants?

ANSWER:

- ▶ I'm glad you asked about legal immigrants. As you know, illegal immigrants are already ineligible for AFDC benefits. Our plan would affect eligibility for benefits for some legal immigrants, but by a much more targeted and reasonable approach. Our plan saves money by cutting benefits to immigrants who have other means of support, but it does not abandon truly needy immigrants who reside here legally, pay taxes, and fall on bad times.
- ▶ Our plan would also strengthen the responsibility of sponsors for legal immigrants.
- ▶ Our plan would also affect only new applicants; it would not take away the benefits of legal immigrants currently depending on SSI and Medicaid. The PRA would take away legal immigrants' benefits after a 1-year implementation period.
- ▶ By strengthening the sponsor deeming rules, our plan would not deny assistance to legal immigrants who suffer disabling conditions after entry into the U.S. The PRA would render all these immigrants ineligible for assistance.
- ▶ Also, by establishing uniform eligibility criteria for AFDC, Medicaid, and SSI, our plan would reduce program inconsistencies and administrative burdens on states. Certain immigrants currently in various deportation or departure categories would no longer be eligible for benefits. This provision would affect much fewer recipients than the deeming provision.

BACKGROUND INFORMATION:

- ▶ The President has recently made significant progress in these areas but is committed to doing more, and the Administration is currently reviewing a number of options to improve our policies in all of these areas.

- ▶ Our immigrant eligibility provisions would save much less than the Republican's due primarily to preserving current immigrant recipients' eligibility to SSI and Medicaid. Targeting sponsored immigrants also affects fewer individuals than a categorical restriction against all legal immigrants. CBO estimated that the Administration's immigrant eligibility provisions would have 5-year federal savings of about \$3.5 billion, compared to about \$22 billion under the PRA.

RECOMMENDATIONS OF THE BIPARTISAN COMMISSION ON IMMIGRATION REFORM (CIR)

QUESTION:

What did the Commission on Immigration Reform recommend doing about legal immigrants receiving welfare? And what about the other recommendations of the Commission on Immigration Reform, such as tightening employer verification by testing pilot programs of a new identity card? What is the Administration's position on those recommendations?

ANSWER:

- ▶ The bipartisan Commission on Immigration Reform chaired by the Honorable Barbara Jordan recommended specifically against the approach taken by the PRA.
- ▶ It recommended "against any broad, categorical denial of public benefits to legal immigrants," believing that "the safety net provided by needs-tested programs should be available to those whom we have affirmatively accepted as legal immigrants into our communities."
- ▶ At the same time it reaffirmed that "sponsors should be held financially responsible for the immigrants that they bring to this country."
- ▶ We are pleased that the Administration policy of tightening rules related to sponsored immigrants has been independently affirmed by the work of the bipartisan Commission charged by Congress with looking into the issue of immigrant eligibility for benefits.
- ▶ As for the other recommendations of the Commission, we recognize the importance of accurately verifying the immigration status of individuals, and the Administration agrees that illegal immigration is a very serious problem.
- ▶ Border patrol, employer verification, and verification of immigration status for benefit eligibility are all vital to deter illegal immigration and enforce our laws.

FRAUDULENT CLAIMS INVOLVING INTERPRETERS FOR NON-ENGLISH SPEAKING CLAIMANTS

QUESTION:

What steps are you taking to prevent fraudulent claims involving interpreters for non-English speaking claimants?

ANSWER:

- ▶ I have been actively working with SSA on initiatives to deter and detect fraud to safeguard our programs from those who would attempt to abuse them.
- ▶ Within the past year, we revised and strengthened internal operating procedures to require, among other things, that interviewers verify the identify of all interpreters and their relationship to the claimant, and that an SSA-approved interpreter conduct the interview when fraud is suspected.
- ▶ To further protect the integrity of the disability programs, I directed field offices to redevelop all cases in which fraud was suspected and to take action to terminate benefits when warranted.
- ▶ Based on new statutory authority, we will be imposing strengthened civil penalties against third parties, medical professionals, OASDI beneficiaries, and SSI recipients who engage in fraudulent schemes to enroll ineligible individuals in our benefit programs.

- ▶ In addition, two initiatives are underway that will further enhance SSA's ability to deter and detect fraud, and include:
 - o an automated, national database of interpreter resources that would be available to all SSA field components (targeted for 1996); and
 - o a quality assurance program to ensure that translations performed by third parties are accurate and complete. (A final plan will be developed using findings from sample quality assurance reviews currently being conducted in the States of California and Washington.)
- ▶ Our overall strategy to address fraud among non-English speaking customers includes working more closely with the leadership of foreign language communities to promote trust and to help change some immigrants' cultural belief that they need the services of a "middleman" to deal with us.

ADDITIONAL INFORMATION

- ▶ With respect to eligibility reviews in the States of California and Washington:
 - We completed reviews on the 30 initial claims that were pending at the time of the arrest of middlemen or medical providers in California. Benefits were denied in 31 of those cases. Eleven of the 31 denials were appealed, but the denial decision was upheld at the first level of appeal in 9 cases, with 2 still pending.
 - we are comprehensively reviewing the continuing eligibility of approximately 400 California SSI disability recipients who have been linked with suspected fraudulent activity. Decisions have been made in 241 of the 400 cases; benefits were stopped in 121 cases (50 percent), with 24 appeals filed to date (20 percent).
 - It is too soon to draw any firm conclusions regarding the results of the reviews, but the cessation rate is higher than normal and the appeal rate lower thus far.

STATUS OF DELAWARE WAIVER

QUESTION:

What is the status of pending waiver request from Delaware?

ANSWER:

- ▶ We have had a number of initial discussions with Delaware staff regarding their application and recently received an amended proposal from the State. We expect to send the State, within the next two weeks, a list of issues and questions which result from a federal review of the application.

Note: Application received 1/30/95

STATUS OF KANSAS WAIVER

QUESTION:

What is the status of pending waiver request from Kansas?

ANSWER:

- ▶ ACF sent the Kansas Department of Social and Rehabilitation Services (SRS) a list of issues and questions September 19, 1994 which resulted from a federal review of the application and initial discussions with SRS. ACF received an initial response from SRS October 21, 1994 and has since worked with SRS staff to resolve a number of issues. Although a few significant issues remain, they are similar to those we have resolved with other States. Given this experience, I am confident that with further discussions we will be able to reach agreement.

Note: Application received 7/26/94

STATUS OF MONTANA WAIVER

QUESTION:

What is the status of pending waiver request from Montana?

ANSWER:

- ▶ We sent the State draft terms and conditions on February 17, 1995. State staff are currently reviewing this document and expect to get back to us shortly with some amendments. I am confident that we will be able to reach a final decision on this proposal this month.

Note: Application received 4/10/94

STATUS OF NORTH DAKOTA WAIVER

QUESTION:

What is the status of pending waiver request from North Dakota?

ANSWER:

- ▶ ACF sent the North Dakota Department of Human Services (DHS) a list of issues and questions January 10, 1995 which resulted from a federal review of the application. We have been working with DHS to try to resolve some final issues and expect to send the State draft terms and conditions within the month.

Note: Application received 9/9/94

STATUS OF OKLAHOMA WAIVER

QUESTION:

What is the status of pending waiver request from Oklahoma?

ANSWER:

- ▶ We have worked very closely with State staff towards reaching an agreement on the State's proposal. I am confident that we will be able to reach a final decision on this proposal within the week.

Notes: Application received 2/24/94

APPLICATION IN FINAL CLEARANCE PROCESS - MAY BE
APPROVED PRIOR TO HEARING

STATUS OF OREGON WAIVER

QUESTION:

What is the status of pending waiver requests from Oregon?

ANSWER:

- ▶ Oregon has two welfare reform demonstration proposals before us at this time -- the Increased AFDC Motor Vehicle Demonstration Project and the Expansion of Transitional Child Care Program.
- ▶ Last year, the State asked us to put work on these proposals on hold initially so that work could be completed on the JOBS Plus Demonstration and then because the Oregon was beginning to develop a new proposal called "Oregon Options" that would consolidate these pending proposals and other welfare reform efforts into a new bold and comprehensive program.
- ▶ Recently, we reopened discussions with the State to resolve issues related to the Increased AFDC Motor Vehicle Demonstration Project, and we have also received initial materials regarding the Oregon Options project. We intend to work closely with the State to assist them in developing this proposal and reaching final agreement.

Notes:

Application for Increased AFDC Motor Vehicle Demonstration Project received 11/12/93

Application for Expansion of Transitional Child Care Program received 8/8/94

FEDERAL ROLE IN CHILD CARE

QUESTION:

What is the current Federal Role in child care?

ANSWER:

- ▶ Child care assistance for **low income families** is currently provided through four major programs, all administered by HHS' Administration on Children and Families in partnership with the states. Three of these programs are part of Title IV-A of the Social Security Act, and fall within the jurisdiction of this committee. These three are:
 - Child Care for AFDC recipients provides AFDC families with child care to the extent that it is necessary for employment or to participate in state-approved education and training activities. (Funded at \$540 million in FY 94, it served 340,000 children that year.)
 - Transitional Child Care provides up to 12 months of child care to families making the transition from AFDC to employment. (Funded at \$155 million in FY 94, it served 85,000 children that year.)
 - At-Risk Child Care provides child care to low-income **WORKING** families who need child care to keep their jobs and stay off of welfare. (Funded at \$276 million in FY 94, it served 219,000 children.)
- ▶ The fourth major federal child program for low income families is the Child Care and Development Block Grant, a discretionary program that funds state efforts to provide quality child care services for low-income family members who work, train for work, or attend school.
- ▶ The single largest federal expenditure for child care is the help that middle and upper income families receive through the Dependent Care Tax Credit. Under this tax expenditure, \$2.8 billion is provided to middle and upper income working families who have child or elderly care expenses.

FAMILIES RECEIVING FEDERAL CHILD CARE ASSISTANCE

QUESTION:

Who receives child care assistance from the federal government?

ANSWER:

- ▶ Federal child care assistance is currently available to three groups of families with children.
 - (1) Welfare Families -- Assistance is provided to AFDC families who are in the JOBS program, who are in state-approved education and training, or who are employed. Child care assistance is also available for 12 months for families making the transition from AFDC to work. (425,000 children received child care assistance under these federal efforts in FY 94, at a cost of \$695 million to the federal government.)
 - Lack of child care assistance nevertheless prevents many more parents from participating in education or training activities. Last year, half of the families referred to Florida's welfare reform program (Project Independence) could not participate in training because of insufficient child care funds.
 - (2) Low Income Working Families -- Assistance is provided to help working families struggling to support their children on low wages. (980,000 children of low income working parents received child care assistance in FY 94, at a cost of \$1.165 billion to the federal government.)
 - Despite this essential assistance, millions of families find it difficult to find -- or afford -- the child care that will allow them to work and make sure their children are safe. Long waiting lists exist from coast to coast. The GAO reported waiting lists of 255,000 children in California. Reports from New Jersey show 25,000 children waiting for child care.

(3) Middle and Upper Income Working Families -- Assistance is provided under the Dependent Care Tax Credit to help middle and upper income families offset a portion of their child care expenses. (More than 6 million families used the DCTC in 1994, at a cost to the federal government of \$2.7 billion.)

► It is important to keep in mind, however, that the federal government does not RUN child care programs (except for federal employees/military) -- rather it provides funds to the states which in turn assist parents in the full range of child care settings.

CONSOLIDATION OF CHILD CARE PROGRAMS

QUESTION:

A recent GAO Report listed over 90 early childhood programs in 11 federal agencies and 20 offices. Why shouldn't we consolidate all these programs?

ANSWER:

- ▶ While these programs all share some interest in young children, the overwhelming majority of them do not provide child care as their primary service -- many do not include child care services at all.
- ▶ In fact, there are 4 major federal child care programs for low income families and they are all administered by a single agency within HHS -- the Child Care Bureau. These are:
 - The AFDC Child Care program
 - The Transitional Child Care program
 - The At-Risk Child Care program, and
 - The Child Care and Development Block Grant
- ▶ We have taken important action to ensure that these programs operate in a coordinated manner at the federal level. We have placed them all under a single bureau within ACF; we have proposed regulatory changes to ease program administration; and our welfare reform proposal recommended further legislative changes to enhance coordination.
- ▶ The Administration has also recommended that other child care programs (the Dependent Care Grant Program and the CDA Scholarship program) be consolidated with the CCDBG program.
- ▶ We recognize the importance of consistency and coordination among programs that serve children and families, and are interested in working with Congress on further steps to make programs easier for states, localities and families. Any such efforts must, however:
 - Guarantee child care for families required to participate in education, training and work activities.
 - Maintain child care assistance for low income working families.
 - Continue investments to the states to improve the quality of child care services and to provide basic health and safety protections for children.

WOULD CONSOLIDATION ELIMINATE DUPLICATION AND FREE UP SIGNIFICANT OF FUNDS

QUESTION:

If we consolidated child care programs, wouldn't we eliminate duplication and administrative costs and thus free up significant new funds to meet the need?

ANSWER:

- ▶ No. We know that our resources now do come close to meeting the need for child care assistance among welfare recipients eager make the transition to work, or for low income working families struggling to stay off of welfare. The waiting lists for child care are lengthy, and exist in most places around the country. The GAO found waiting lists for child care assistance in five out of six states they visited, such as 225,000 in California and 40,000 in Texas.
- ▶ Already the federal government and the states put a premium on funding direct services for children and families, and reserve few dollars for administrative purposes. Under the current CCDBG, for example, states are spending about 7 percent of their allocations on administrative costs.

CHILD CARE STANDARDS -- FEDERAL OR STATE

QUESTION:

Why should the federal government set standards for child care? Isn't this something best left to the states?

ANSWER:

- ▶ Currently, child care standards are left to the states, and we are not proposing to change that arrangement. The question of federal standards for child care was the subject of much debate when Congress was considering a new child care program in the late 1980's. After lengthy negotiations with governors and many others, the Child Care and Development Block Grant (CCDBG) program was passed by a bipartisan Congress and signed by President Bush in 1990. Critically important, the CCDBG left the writing of child care standards to the states.

Under the CCDBG, it is states -- not the federal government -- which set the standards for child care programs. All that Congress required was that, for children who receive child care assistance under the program, states actually set their own standards in three key areas:

- o control of infectious diseases
 - o physical premises safety
 - o health and safety training for providers
- ▶ The bipartisan agreement on standards approved in 1990 has worked extremely well, and we believe it should be maintained.

DEPENDENT CARE TAX CREDIT

QUESTION:

Why don't we just provide a tax credit for child care? Isn't the Dependent Care Tax Credit the best way to help parents get the child care they want and need?

ANSWER:

- ▶ Although the Dependent Care Tax Credit provides important child care assistance to many families, it provides little or no help to those who need it most -- the lowest income working families.
 - Because the Dependent Care Tax Credit is not refundable, it offers no help to working parents earning \$5, \$6 or \$7 a hour. And because single parents typically earn lower wages, it is no surprise that most of the dependent care credit is claimed by two parent families.
 - According to the IRS, fully 85 percent of the benefit from the credit accrued to families earning over \$20,000 a year in 1992.
 - A \$400-\$500 credit at tax time, while welcome, would also offer little help to low income families struggling to pay up to one-quarter of their income in child care expenses each week.
- ▶ Nevertheless, the DCTC is an important part of federal support for child care. In 1994, more than 6 million families claimed an average credit of \$435 a year, for a total federal expenditure of \$2.7 billion.
- ▶ The DCTC points out an interesting contrast in the House Republican proposal. While that proposal repeals all child care entitlements for the lowest income families, and cuts more than \$2.5 billion from federal support for them over the next five years, it would not cut or reduce the DCTC -- in essence an open-ended entitlement for child care expenses for middle and upper income families.

EARNED INCOME TAX CREDIT

QUESTION:

Why isn't EITC sufficient to help families get child care?

ANSWER:

- ▶ Again, although EITC is an important income support for families, it does not provide sufficient resources to compensate for inadequate wages coupled with child care expenses. Child care costs are a significant portion of most low income working families budgets. They consumed as much as 27 percent of monthly for families with incomes below poverty level who paid for child care in 1991, compared to 7 percent for families with incomes above poverty.

THE DODD/KENNEDY CHILD CARE BILL

QUESTION:

Do you support the Dodd/Kennedy Child Care bill (S. 472)?

ANSWER:

- ▶ Several weeks ago, Senators Dodd and Kennedy introduced the Child Care Consolidation and Investment Act to build upon the Child Care and Development Block Grant legislation signed by President Bush in 1990 after long, careful, bipartisan -- and bicameral -- negotiations.
- ▶ While the bill includes many components that are similar to the Administration proposals for child care, the Administration has not taken a position on the overall legislation.
- ▶ Our proposals share with the Dodd/Kennedy bill a recognition of the critical importance of child care to move welfare recipients into the workforce, to keep low income working families out of the welfare system, and to ensure the safety and development of our children. Other similarities in our proposals include:
 - o Ensuring child care for welfare families participating in work, education and training activities.
 - o Enhanced investments in child care for working families so they will not be forced into the welfare line.
 - o Incentives to states to improve the quality of child care services and to protect the health and safety of children in care.

ORPHANAGES - GROUP HOMES

QUESTION:

There has been a lot of talk about orphanages in the context of welfare reform. What is the appropriate use of institutions -- be they orphanages, group homes, residential facilities or whatever -- for the care of children?

ANSWER:

- ▶ Residential child care services fill a vital need for the small but unfortunate number of children who have been seriously abused or neglected and require specialized out-of-home care.
- ▶ Of the approximately 440,000 children currently in foster care, about 18% are in residential group care. Generally children selected for group care have more severe problems and greater need for specialized treatment. In placing children, an effort is made to select a facility which meets the needs of children and their families.
- ▶ Residential group care is a costly service which, if used selectively and in combination with services to families, can be a powerful resource to enable children to resolve personal and interpersonal problems and to successfully return to family living.
- ▶ We believe, however, that children must not be separated from their parents and placed in residential care -- or orphanages -- simply because their parents are young or poor. We are seriously concerned that the House Republican proposal will deny cash assistance to millions of children -- and cause many of them to wind up in the foster care system. The fate of these children is even more troubling in light of additional provisions in the House Republican proposal to repeal the entitlement currently available for poor children in foster care AND cut \$2.5 billion from the child protective system over the next five years.

MULTIETHNIC ADOPTION

QUESTION:

There are now large numbers of children in foster care who need to be adopted. Many of these children are minority and some remain in foster care because agencies are unwilling to place them with adoptive parents of a different race or ethnicity. Isn't the child's best interest the only factor that should be relevant in making adoptive placements or should race be the primary factor in these adoptions?

ANSWER:

- ▶ The child's best interest is the most important factor in these and many other child protection decisions.
- ▶ The Administration is strongly committed to finding adoptive homes for all children who need them. As you know, just last session Congress passed the Multiethnic Placement Act (co-sponsored by Finance Committee member Moseley-Braun), a law designed to ensure that children are placed in adoptive homes as quickly and appropriately as possible. The Act bars discrimination in placement decisions and forbids states from denying and delaying an appropriate placement solely on the basis of the race of the prospective parents. Our Office of Civil Rights is prepared to vigorously enforce the provisions of that Act.
- ▶ State policies govern the factors utilized to make placements. The Act does allow states to take a child's ethnicity or race into account in making a placement, as one of a number of factors used to determine the child's best interest. Discrimination is clearly wrong and delays or denials of placements are harmful to children.

SSI AND CHILDREN

QUESTION:

While we worry about changing the AFDC program, we also have to worry about the great growth in the number of children receiving other welfare benefits, such as the Supplemental Security Income (SSI) disability program. How many children are now on that program? Why is it expanding so rapidly?

ANSWER:

- ▶ From 1989 to 1994 the number of children receiving SSI disability benefits has nearly tripled, growing from almost 300,000 to 890,000.
- ▶ This growth comes from rising numbers of children in poverty, the Zebley Supreme Court decision which established a functional assessment process for children, SSA outreach, and new SSA regulations revising and expanding medical standards for mental impairment.
- ▶ The administration is concerned about the growth in the number of children on SSI. We commend the Congress for enacting legislation to establish a bipartisan Commission on Childhood Disability to look into the problems surrounding the SSI program for children and make recommendations.
- ▶ In January, I appointed former Representative Jim Slattery to Chair this Commission. Our Department and the newly independent Social Security Administration look forward to the Commission's work and recommendations.
- ▶ In addition, HHS and SSA are participating in the White House Disability Policy Review which is analyzing the SSI program for children and reviewing the policy issues.
- ▶ It would be premature to take significant action on this complex issue before the Commission and the White House Disability Policy Review have a chance to complete their work this year.

FAMILIES RECEIVING SSI AND OTHER WELFARE BENEFITS

QUESTION:

How many families with a child on SSI also receive other federal income supports? Is this a misuse or abuse of these programs?

ANSWER:

- ▶ A recent study showed that just a quarter of children receiving SSI payments had income. The most frequent types of cash income were Social Security benefits (8 percent) and child support payments (8 percent). Blind and disabled children may also be eligible for AFDC before they begin receiving SSI benefits. However, once their SSI benefits begin, their AFDC eligibility ends. If SSI and AFDC benefits for a child are paid for the same month -- e.g., in the first month of SSI eligibility before the State agency has taken the child off the AFDC rolls--the SSI benefit is reduced dollar for dollar to take account of the AFDC benefits. Generally, any income a child receives, including Social Security and child support, also causes a reduction in his or her SSI benefit. This benefit reduction is the way that the SSI program avoids duplicating other programs' benefits. If families qualify because of need, this is an appropriate use of the programs.
- ▶ However, the fact that a family receives both AFDC and SSI payments is not necessarily an abuse of public programs. SSI payments are based on the premise that it costs more for a family to raise a child with a severe disability than for a family to raise a non-disabled child.

IMPACT OF SSI PROVISIONS

QUESTION:

What impact will the SSI provisions voted out the Ways and Means Committee have on children with disabilities?

ANSWER:

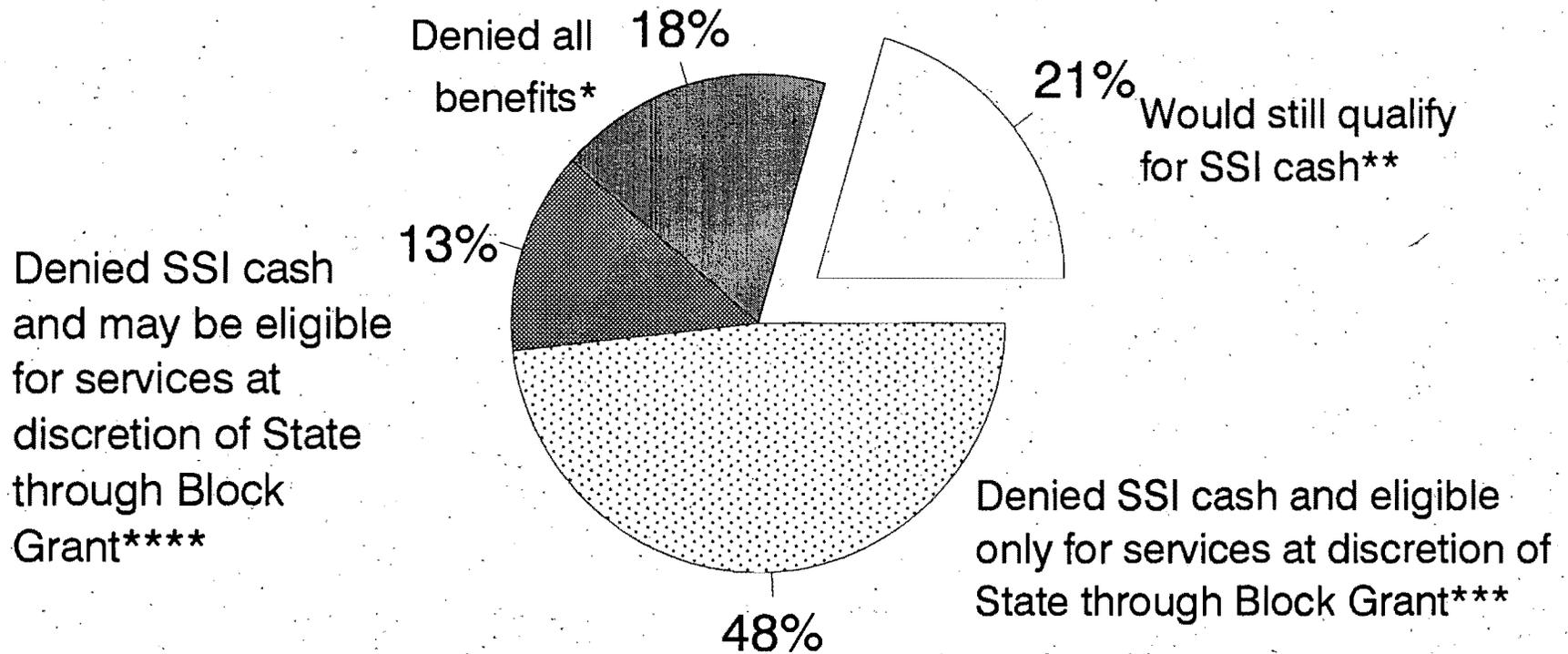
- ▶ Of the 812,411 children found eligible between 1991 and 1994, a preliminary estimate of over 251,000 (31 percent) would be eliminated from the rolls because they became eligible for SSI by virtue of an IFA. SSA estimates that 40 percent of those children (13 percent of all child SSI recipients), upon further review, might be determined eligible for services under the block grant based on a medical listing.

See attached chart for more details.

- ▶ However, the fact that a family receives both AFDC and SSI payments is not necessarily an abuse of public programs. SSI payments are based on the premise that it costs more for a family to raise a child with a severe disability than for a family to raise a non-disabled child.

IMPACT OF SHAW PROPOSAL ON DISABLED CHILDREN WHO WERE GRANTED SSI BENEFITS IF PLAN HAD BEEN IN PLACE STARTING IN 1991 (Total Children Who Qualified Since 1991: 813,000)

Impact when fully implemented: Impact in 1994 if the proposal had been in place in 1991.



*Children currently qualified only under individual functional assessment (Zebley).

**Includes institutionalized children and those who would require personal assistance services.

***Children currently qualified under medical listings.

****Children who would have qualified under IFA and may qualify under medical listings.

IMPACT OF SHAW PROPOSAL IN DISABLED CHILDREN
WHO WERE GRANTED SSI BENEFITS
(IF PLAN HAD BEEN IN PLACE IN FEBRUARY 1991)

The individualized functional assessment (IFA) was implemented in February 1991. From then until December 1994, approximately 250,000* allowances for children have been based on an IFA. The following show the impact of the provisions on children with disabilities if the Shaw provisions were in place instead of the IFA beginning in February 1991:

- 48% (392,680) who are currently eligible because they meet/equal a medical listing would be denied cash payments, but could be eligible for services at the discretion of the State through block grants.
- 18% (146,340) who only meet the IFA criteria, (i.e. could not meet/equal the medical listings) would be denied cash payments and services.
- 13% (105,690) who meet the IFA criteria, and may later qualify because subsequent medical documentation may establish the medical listings are met/equaled, would be denied cash payments, but could be eligible for services at the discretion of the State through block grants.
- 21% (168,290) who met/equal the medical listings and are institutionalized or would require personal assistance services, would receive cash payments.

* Since February 1991, approximately 25,000 of the 250,000 children allowed have attained age 18.

PUBLIC ACKNOWLEDGEMENT OF TRUST FUND PROBLEMS

QUESTION:

Why have you not explained to the American people the long-range problems of the Social Security trust funds as reflected in the Trustee's Reports?

ANSWER:

- ▶ I think that this Administration, including the Commissioner of Social Security, Shirley Chater, have done a good job of informing the public about the long-range financing problems faced by the Social Security program. We have discussed the issue at public forums, including Congressional hearings, press conferences and in public appearances. Considerable attention has been devoted to Social Security's financial situation.
- ▶ As part of our discussions, we have emphasized that the program is adequately financed well into the next century, and that we have time to carefully consider the options for addressing the problem.
- ▶ Last year, I appointed the current Advisory Council on Social Security, and charged that bipartisan Council with providing recommendations for dealing with the long-range financing situation. The Council is expected to submit its report within the next few months. I think it is very important that we address Social Security financing through bipartisan approaches as has been the tradition.

NOTCH COMMISSION

QUESTION:

Why did the President not formally and publicly acknowledge the wonderful work of the Notch Commission?

ANSWER:

- ▶ Although the President has not held a press conference on this issue, he is very appreciative of their fine work. Also, there were numerous press articles on the Notch Commission report when it was issued.
- ▶ The Notch Commission's report has already reaped benefits.
- ▶ Martha McSteen has stated publicly that the National Commission to Preserve Social Security and Medicare, of which she is the President, will no longer pursue changes in the law to address the Notch issue.

BACKGROUND

Senator Moynihan is aware that Secretary Shalala and Commissioner Chater had lunch with Alan K. (Scotty) Campbell, Chair of the Notch Commission, in the White House mess. This does not satisfy the Senator.

Welfare Reform Daily Talking Points
Tuesday, March 7, 1995

HALF THE NATION -- UNDER REFORM

Today, in a speech to the National Association of Counties, **President Clinton will announce that Ohio will be the 25th state to receive a waiver to reform its local welfare system.** Ohio's "A State of Opportunity" project embodies the principles behind this Administration's vision for national reform -- and signals President Clinton's unprecedented commitment to supporting states as the laboratories of reform. The President's challenge to Congress is simple: put aside partisanship and get the job done, focusing on four key principles:

- o **Work.** We must demand and reward work, not reward those who stay home and punish those who go to work. Welfare reform must be about moving people to work so they can support themselves and their families. Anyone who can work, must work; and get a paycheck, not a welfare check. If people need help learning to read or getting child care so they can go to work, we should help them get it. The Republican plan does almost nothing to move people into a job. And for people who need help, it will make it even harder.
- o **Responsibility.** We must demand responsibility from both parents who bring children into this world. This Administration is collecting a record level of child support from delinquent parents -- \$9 billion in 1993, a 12 percent increase over 1992. The House Republicans, at the President's urging, have included many of the Administration's proposals in this area but made one glaring omission. **Denying drivers' licenses to parents who refuse to pay support is a proven collection tool in 19 states, yet the Republicans refuse to include it in national reform.**
- o **Reaching the next generation.** We need to send a clear message to America's teenagers: it is wrong to have a child outside marriage. We need to be tough on teens who do have children so they can turn their lives around and give their children a better chance. But the Republican message is mean-spirited: make a mistake and we will write you off. They cut people off because they are poor, young and unmarried -- and small children pay the price for their parents' mistakes.
- o **State flexibility.** In two years, this Administration has approved more welfare waivers than all previous Administrations combined. When all 25 demonstrations are fully implemented, **some 6 million welfare recipients will be affected in an average month.** The waivers granted build on the President's central principles: 20 states are making work pay; 10 states are strengthening child support enforcement; and 19 states are reaching the next generation by promoting parental responsibility.

FLIP-FLOPPING ON FOOD STAMPS

Tomorrow, the House Agriculture Committee will begin markup of legislation to overhaul the food stamp program. And the mixed messages on this subject from House Republicans give new meaning to the words "mystery meat." So far, they've been for eliminating food stamps, as called for under the "Contract with America;" maintaining the "federal social safety net" as Representative Pat Roberts of Kansas pledged ten days ago; and making cuts of \$16 billion, as sources told the Sunday Washington Post. Whichever route they go today, one thing is clear: flip-flopping on food stamps is not welfare reform.

Here's our bottom line:

- o **No phony reform.** Whatever the Agriculture Committee decides to do this week, it certainly won't be welfare reform. Real welfare reform must include time limits, child support enforcement, and measures to reward work and responsibility without punishing children for their parents' mistakes. Drastic cuts in the Food Stamp program is nothing more than phony reform.
- o **Help for the needy, not the greedy.** As the Republicans rant about food stamp fraud, the Administration has taken action. Last week, the Agriculture Department proposed legislation to crack down on illegal trafficking in food stamps. The proposal calls for strict eligibility standards for retailers and increased monitoring to make it easier to catch and punish stores that cheat. As President Clinton said in announcing the proposal, "We expect the food stamp program to continue to get food to people who need it, but that we will not tolerate criminals who defraud the system and seek to profit from the hunger of others."
- o **Kids should not go hungry.** The Clinton Administration will not support changes to the food stamp program that will jeopardize children's health. White House Chief of Staff Leon Panetta has made this commitment clear: "These programs are right for this country and they're right for the kids that are served by these programs," he said at a recent press briefing. "They are right morally because we're providing food to hungry kids in this country. They are right from a health point of view because they are helping to improve the health of these kids. They are right from an education point of view, because kids who are better fed learn better in school."
- o **Moving people to work.** We need to make work an attractive and rational option for those who receive public assistance. Food Stamps can be a part of that effort, and we've already given several states the flexibility to test work incentives, Food Stamp "cashouts," and Electronic Benefit Transfer. But the goal should be to move welfare recipients toward self-sufficiency -- not to cut the federal budget by targeting hungry children.

Welfare Reform Daily Talking Points
Friday, March 3, 1995

"TOUGH ON KIDS AND EASY ON GUYS"

Today, the House Ways and Means Committee will finish its markup of a bill that manages to give "welfare reform" a bad name. In drafting a plan that is tough on kids and weak on work, Committee Republicans have, in the words of Representative Barbara Kennelly of Connecticut, been "easy on guys," adding as an afterthought what should be a centerpiece of welfare reform: aggressive child support enforcement. In a letter to the Chairman of the Ways and Means Committee yesterday, President Clinton urged Republicans to make good on their commitment to pass tough child support.

Here's why:

- o **Governments don't raise children, people do.** As President Clinton wrote to Chairman Bill Archer of Texas, "When absent parents don't provide support, the inevitable result is more welfare, more poverty, and more difficult times for our children. It is essential that all Americans understand that if they parent a child, they will be held responsible for nurturing and providing for that child."
- o **Not enough commitment.** Critical elements to comprehensive child support include denying welfare benefits to any unwed mother who does not cooperate fully in identifying the father, supporting powerful measures for tracking interstate cases, and enforcing serious penalties for parents who refuse to pay what they owe. As Secretary Shalala said in her speech yesterday, "It is simply not acceptable for parents to walk away from the children they helped bring into this world."
- o **Not enough enforcement.** While the Republicans have now picked up many of the President's suggestions, **they have forgotten one essential means of collecting support, suspending driver's and professional licenses.** President Clinton has a different message for struggling families owed child support: "If absent parents aren't paying child support, we will garnish their wages, suspend their licenses, track them across state lines, and if necessary, make them work off what they owe."
- o **Still barely a "C."** "You can't reform welfare without tough child support provisions," Secretary Shalala told the Child Welfare League yesterday, "and frankly, we were surprised that the initial House Republican bill was silent on the issue." Republicans have learned a little in the past week, but the time is now to crack down on absent parents. As Secretary Shalala said yesterday, Republicans barely get a "C" on this issue.

Welfare Reform Daily Talking Points
Thursday, March 2, 1995

A FAILING GRADE

Today, the House Ways and Means Committee continues to mark up its new welfare reform bill. This proposal, weak on work and cruel to kids, is not real reform -- and we've given them a midterm report card that proves it. On the welfare reform front, the House Republicans are light years away from the honor roll. In a speech to the Child Welfare League today, Secretary Shalala gives them the following grades:

- o **An "F" on work.** To move people from welfare to work, you need both tough expectations and clear pathways of opportunity. The House Republicans claim that they require 17 percent of recipients to be involved in "work-related" activities by the year 2000. But, they count people who are dumped off the welfare rolls as "working." Since when is getting cut off the same as working? Not since the Reagan Administration called ketchup a vegetable have we seen such fundamental distortions.
- o **An "A" for cruelty to kids.** Welfare reform must be about strengthening families -- not tearing them apart or writing them off. Our goal must be to lift people up, not punish them because they happen to be poor or young. We need to be tough -- not cruel. Cruel is the only way to describe proposals to abolish nutrition programs for children. Cruel is the only way to describe plans to reduce assistance to thousands of abused, neglected, and abandoned children. And, cruel is the only way to describe denying benefits to children of teen mothers.
- o **A "C" on responsibility.** You can't reform welfare without tough child support provisions -- and, we were surprised that the initial House Republican bill was silent on the issue. They keep promising the language will be there -- but it still has not been introduced. Unfortunately, what little we have seen suggests that they still have a long way to go.
- o **An "Incomplete" on ending welfare as we know it.** Incomplete because they have shown no clear vision. Incomplete because they have shown no true commitment. And, incomplete because they have shown some -- but not enough -- willingness to work together for common-sense solutions. We believe that meaningful reform must be about moving people from welfare to work. It must be about a paycheck -- not a welfare check. And, it must reinforce the core values of work, responsibility, and reaching the next generation.

Welfare Reform Daily Talking Points
Wednesday, March 1, 1995

"DUMB AND DUMBER"

Today, the House Ways and Means Committee begins marking up its new welfare reform proposal. Although the bill has been slightly modified, its basic structure remains the same. The bill still punishes innocent children and does nothing to move their teen mothers towards self-sufficiency. Will the Republicans ever learn?

- o **Still extreme.** Although they've slightly changed the provision, the bill still bans cash assistance to teen mothers and their children. Even Republicans acknowledge that their proposal is off the mark: "Just because a woman made a mistake when she was young," Representative Nancy Johnson said yesterday, "doesn't mean that she and the child should be penalized for life." And now Republicans have added an "illegitimacy bonus" that, as Representative Stark pointed out, would give states a bounty for reducing access to abortion.
- o **Still stupid.** Denying assistance to a teenage mother won't do anything to move her toward self-sufficiency. Our approach would -- it conditions aid on staying in school, living at home, and identifying her child's father.
- o **Still a sham.** Under their fourth version of "work requirements," caseload reductions count as "participation in work." But cutting people off is not the same as getting people to work, and it's a sham to pretend it is. The bill also contains an easy way for states to avoid the participation requirements altogether. For some states, taking a five percent reduction in their federal grant would be cheaper and easier than running on-the-job training and work programs. Even Representative Johnson agreed that the work requirements are "very easy to circumvent."
- o **Still dishonest.** Requiring work is more expensive than just sending a check -- as Republicans admitted in last year's bill. Now they're just passing the costs of their political cover on to the states. Governors who are serious about work want resources for child care, training, and job placement -- not new unfunded mandates. As Representative Harold Ford said, "This bill is nothing but a fraud."
- o **To sum up, the Republican proposal is still, as Secretary Shalala described, "weak on work and tough on kids. It reminds me of the hit movie, 'Dumb and Dumber.'"**

A CONTRACT? WITH WHOM?

Today, the House Ways and Means Committee unveils yet another version of "welfare reform." Will it include work requirements? Callously cut off the children of young mothers? Or just dodge the tough issues by punting to the states?

And -- the \$64,000 question -- will the plan move back to the mainstream or stay on the extreme right-wing fringe of public opinion? Just so you know, fellas, here's what the mainstream looks like:

- o **Work.** Today's *New York Times*/CBS News poll shows that 66 percent of Democrats, 70 percent of Independent voters, and even 63 percent of Republicans agree that welfare recipients should be allowed to receive benefits as long as they are willing to work for them. As President Clinton said in his State of the Union Address: "Our goal must be to liberate people and lift them up, from dependence to independence, from welfare to work, from mere childbearing to responsible parenting. Our goal should not be to punish them because they happen to be poor."
- o **Responsibility.** Welfare reform must include tougher child support enforcement, to send a strong message that both parents -- fathers and mothers alike -- must take responsibility for the children they bring into this world. As the American Bar Association said in a statement yesterday applauding President Clinton's executive order to improve paternity establishment and child support enforcement among federal employees, "if we want to dramatically increase the number of paternities established and child support orders enforced, Congress must be willing to comprehensively reform our child support program. The Administration's Executive Order is an important signal that child support is a national priority."
- o **Reaching the next generation.** As Secretary Shalala said in yesterday's speech to the America Public Welfare Association, "We're not willing to give up on teen parents. Because giving up on them would be giving up on the value of responsibility. Our approach provides time-limited benefits for teen mothers, but only if they live at home with their parents or a responsible adult, identify their child's father, and stay in school." The APWA also denounced plans to deny assistance to unmarried teenage mothers. And, today's *New York Times* poll shows that 67 percent of Democrats, 63 percent of Independent voters, and 57 percent of Republicans are opposed to cutting off welfare benefits to unmarried mothers under 18.
- o **A partnership with the states.** Even Republican governors, including Tommy Thompson and John Engler, have objected to Republican proposals that would shift costs to the states and jeopardize the health and safety of children. In last week's letter to Chairman Archer, the governors wrote that "block grants must include appropriate budget adjustments that recognize agreed-upon national priorities, inflation, and demand for services. The cash assistance block grant does not include any such adjustments for structural growth in the target populations ... Governors will continue to protect abused and neglected children by intervening on their behalf and we believe that federal funding must continue to be available for these services."

Welfare Reform Daily Talking Points
Friday, February 24, 1995

"WORKFAKE"

Yesterday, Republicans in Congress offered more proof that they're weak on work and cruel to kids, by passing a bill to end the school lunch program -- and refusing to assure children safe child care while their mothers attend school and job training. Today's question: will they have figured out by Tuesday, when the Ways and Means Committee is scheduled to start action on their version of "welfare reform," that the real issue is work?

Our prediction: after reading today's issue of the *New Republic*, look for the committee to strengthen their work requirements and add tough new child support enforcement provisions to their bill -- actions the Administration has been urging for weeks.

Highlights from today's piece, aptly titled "Workfare Wimp-Out," include:

- o **Workfake.** "The House Republicans say they will put 'at least 1 million cash welfare recipients in work programs by 2003,' but the 'work' could be completely phony. Workfake, you might call it ... It's all the more fake because the Shaw bill provides no money to make it real."
- o **What is "work?"** "Under the bill, a governor could declare ... that checking a book out of a library counts as a 'work activity.' Leafing through the want ads might also qualify, or circulating a resume or attending a 'self-esteem' class."
- o **Preserving the status quo.** "The bill unveiled by Shaw requires that, in 1996, states place 2 percent of the welfare caseload in 'work activities.' The requirement rises to 20 percent -- not the contract's 50 percent -- by 2003 ... With a little creative bookkeeping -- say, by counting all those who work, even for a few days, over the course of a year -- most governors could meet the 20 percent "work activity" standard without doing anything they're not already doing."
- o **Criticism from within.** "Robert Rector, the Heritage Foundations's welfare expert, called the Shaw work provisions a 'major embarrassment.' Jack Kemp issued a statement warning that Republicans were squandering welfare reform in the pursuit of a decentralized 'funding mechanism.'"
- o **The bottom line.** "The Republicans' welfare reform is looking less like a menace and more like a fraud."
- o **Even the *Washington Times*?** Last week, in a *Washington Times* editorial, Stephen Chapman sounded a similar theme, stating that Republicans "have made a wrong turn on the road to welfare reform. The issue is forcing recipients to accept work, or at least pursue it, as a condition of receiving benefits. President Clinton's plan to 'end welfare as we know it' would impose such a requirement after two years on the rolls, cutting off payments to anyone who refuses."

FIRST "BOYS TOWN," NOW "HOME ALONE"

Today, the Committee on Economic and Educational Opportunities will finish marking up the child care, child welfare, and child nutrition provisions in the House Republicans' welfare reform proposal. The Republicans continue to be tough on children and weak on work, focusing their most recent assault on child care. While claiming to move people into work, the Republican plan actually limits work opportunities by cutting the lifeline that child care provides. The committee bill reduces already scarce child care slots, pits working families against welfare recipients for child care assistance, and would make it harder, not easier, for single parents to leave welfare for work.

- o **Home alone.** For Republicans, choice in child care means staying on welfare or leaving children home alone. The Republican plan reduces federal funding for child care by \$2.5 billion, or 20 percent, over five years. In the year 2000, over 377,000 child care slots would be lost under the bill -- even though real welfare reform will require more child care, not less, as single mothers leave the rolls for work. Nevertheless, the committee majority defeated an amendment last night that would have states provide child care for parents who they require to participate in work or training. This is no movie: the real world is far too dangerous for children to be left unsupervised and unprotected.
- o **To work or not to work, that is the question.** Families should not have to choose welfare over work in order to care for their children. Already, many states report long waiting lists for working-poor child care. Under the Republican plan, states could be forced to make further cuts in assistance for these families if forced to divert funds to families on welfare. For example, California would lose slots for 33,130 children; New York for 22,830 children; and Pennsylvania for 14,930 children.
- o **Working families protest.** Today, Senator Dodd and Representative Pelosi will join the National Association of Child Care Resource and Referral Agencies to speak out against the proposed child care cuts. Hundreds of working families from across America will visit members of Congress with personal stories about the importance of safe, affordable, and accessible child care.
- o **The Clinton child care commitment.** The Clinton Administration believes that quality child care is essential to real welfare reform that moves people into work. As Secretary Shalala wrote to House committee members yesterday, "The Administration supports an approach to child care that genuinely supports work for parents, and safety and healthy development for children. Such an approach must guarantee child care for families moving towards self-sufficiency, and must expand child care opportunities for working families who want to avoid welfare dependency. We believe that any serious proposal must ensure quality choices for parents, and provide for continuity of services for children and families."

TAKING FOOD FROM CHILDREN

Today, the Committee on Economic and Educational Opportunities begins marking up the child care and child nutrition provisions in the House Republicans' welfare reform proposal. The Republican plan would block-grant and reduce funding for federal child nutrition programs and the Special Supplemental Nutrition programs for Women, Infants and Children (WIC).

- o **The Clinton commitment to childhood nutrition.** The Clinton Administration is opposed to block-granting nutrition programs. We agree that these programs must be more flexible and easier for states to administer. But we won't support changes that jeopardize children's health. Only a national system of nutrition programs can establish and meet nutrition standards that respond to economic changes and ensure that children's health will be protected.
- o **Slamming school children.** The block grant proposal would cut federal funding for the school-based programs by \$2 billion over five years, and it would reduce WIC funding by \$5.3 billion over the same period. Under the block grant proposal, 400,000 fewer women, infants and children would be provided for than under the President's 1996 Budget proposal. Federal programs now expand to meet nutrition needs during recessions and increases in child poverty. But block grants won't protect children during economic downturns. Nutrition assistance would be reduced or unavailable when children need it most.
- o **Children must be fed.** As today's Washington Post editorial says, "The WIC program represents precisely the sort of thing the government should be doing, which is focusing on realistic efforts to help kids ... WIC works; there's no reason to turn it into a block grant. Similarly, the lunch program gives food directly to kids through the schools, with an accent on helping the poorest children." Federal nutrition programs provide a foundation for children to grow on -- childhood nutrition must be protected under welfare reform.
- o **Slashing standards.** National standards for nutrition protect children regardless of where they live. For the past fifty years, federal nutrition standards have helped children lead healthy lives. The Republican plan could create wide variations in nutrition standards across states, without any accountability mechanisms to ensure that those standards would be met. Children's health would suffer if states shifted resources away from nutrition programs to meet budget shortfalls.
- o **States and students would suffer.** Under the Republican plan's allocation formula, states that serve more total meals would fare better. Since it costs more to serve free meals to poor children, states would have an incentive to serve more affluent students. And without national standards, states might also be inclined to cut the quality or amount of food they provide in order to serve more meals overall.

Welfare Reform Daily Talking Points
Tuesday, February 21, 1995

THE TOUGHEST POSSIBLE CHILD SUPPORT ENFORCEMENT

All parents -- fathers and mothers alike -- must take responsibility for the children they bring into this world. That's why the Clinton Administration has proposed new measures to create a tougher, more aggressive child support enforcement system. And that's also why the President insists that tough child support enforcement must be a centerpiece of real welfare reform.

Last week, after promising to include child support provisions in their legislation, the Human Resources Subcommittee postponed action. But, the Administration will continue to press for measures to collect child support from the shocking two-thirds of absent parents who now don't pay a dime. For millions of mothers and children, child support payments can mean the difference between self-sufficiency and dependence on welfare.

The Administration's strategy includes:

- o **Seizing tax refunds.** Today, HHS announced the collection of a record \$703 million in delinquent child support for 1993 by garnishing income tax refunds of non-paying parents. Benefiting nearly one million families, the amount was 13 percent more than collections for 1992. As Secretary Shalala said today, "We want there to be no escape for those parents who seek to avoid responsibility for their children."
- o **The Clinton commitment.** Already, the Clinton Administration has proposed, and Congress has adopted, a requirement for states to establish hospital-based paternity programs -- a proactive way to establish a father's responsibility early in a child's life. In addition, President Clinton has proposed annual expansions in child support enforcement, increasing resources by more than 25 percent since taking office. In 1993, the federal-state child support enforcement system collected a record \$9 billion from non-custodial parents.
- o **Prosecuting non-payers.** Billions of dollars more in support is owed to nine million children whose parents have crossed state lines and failed to pay. The Justice Department is aggressively investigating and prosecuting these cases under the Child Support Recovery Act. As Attorney General Janet Reno said, "We intend to make sure that children are not the victims of parents who don't care."
- o **Improvements through welfare reform.** Building on the best state and federal initiatives, President Clinton's child support plan would help boost child support collections to \$20 billion in the year 2000. As President Clinton said in his State of the Union Address, "If a parent isn't paying child support, they should be forced to pay. We should suspend drivers' licenses, track them across state lines, make them work off what they owe. That is what we should do. Governments do not raise children, people do."

Welfare Reform Daily Talking Points
Friday, February 17, 1995

THE WEEK THAT WAS

This week, House Republicans passed a bill out of subcommittee that is weak on work and tough on children. The Clinton Administration, members of Congress, governors, and former welfare recipients spoke out against the shortsighted and punitive provisions in the current Republican proposal.

- o **Secretary Shalala:** "The Administration looks forward to working cooperatively with the Congress in a bipartisan way to pass bold welfare reform legislation this year. The Administration has, however, serious concerns about a number of features of the [Republican proposal] that appear to undermine the values to which we are all committed. The Administration seeks to end welfare as we know it by promoting work, family and responsibility, not by punishing poor children for their parents' mistakes. Welfare reform will succeed only if it successfully moves people from welfare to work."
- o **Representative Steny Hoyer of Maryland:** "Welfare must become a step-up, not a step-down. Welfare reform must reconnect recipients to the world of work and reestablish the traditional American values of family, work, and individual responsibility."
- o **Representative Harold Ford of Tennessee:** "The bill we are about to approve is mean-spirited and shortsighted. It punishes children for the mistakes of their parents, and it asks us to embark on a great experiment. But that experiment is using our most important -- and vulnerable -- resources as guinea pigs. I won't be part of an experiment that uses America's children as crash test dummies."
- o **Governor Tom Carper of Delaware:** "The Republican ADFC proposal is the first of several that, when taken together, would deny welfare recipients who go to work in low-wage jobs the child care, health care and nutrition assistance they need to keep their children healthy and safe. That is simply impractical and wrong."
- o **Representative Sander Levin of Michigan:** The Republican plan would "send the bucks and get out of the way, no matter who the kids are, the level of abuse, or the failure of the state to do a good job."
- o **Ellen T. Harold, former welfare recipient, quoted in *U.S. News and World Report*:** "I have yet to see any mention of the accountability and responsibility of the father ... This should be a major focus of any welfare reform as most of the women receiving Aid to Families with Dependent Children do so because of lack of child support."

Welfare Reform Daily Talking Points
Thursday, February 16, 1995

REPUBLICAN PLAN WOULD CUT FUNDS TO STATES

Yesterday, House Republicans passed a bill out of subcommittee that gets welfare reform backwards. Weak on work and tough on kids, the Republican legislation does nothing to truly reform the welfare system. Today, Democratic members of Congress and governors will join together to point out another fundamental flaw in the current bill: it would create a massive cost shift to states.

- o **Passing the buck to the states.** While certain states would fare worse than others under the current Republican funding proposal, all states would suffer in the end. States would lose almost \$18 billion in federal funding over five years under the Republicans' plan to block grant AFDC cash assistance and child welfare funding. This capped block grant would not adjust for recessions, population growth, or other events that could increase the need for services -- even though the National Governors Association recently adopted a bipartisan policy statement insisting that any welfare reform proposal must address these factors:
- o **Governors speak out.** In order to create real, lasting welfare reform that rewards work, requires parental responsibility, prevents teen pregnancy, and reduces welfare dependency, states must have adequate resources to get the job done. As Governor Carper said in a letter to the other governors this morning, "I understand that this block grant proposal does not include adjustments for recessions, population growth, disasters, and other events that could result in an increased need for services." Governor Carnahan also said today that "Democratic Governors want real welfare reform that moves people from dependency to self-sufficiency, from the welfare rolls to private payrolls. The Republican plan doesn't help us achieve that goal."
- o **Children would lose.** Governor Carper also noted the risk to children in today's letter to governors. "I believe that this proposal's reduction in funding and lack of a safety net threatens to limit the very flexibility we seek to make work pay more than welfare. In particular, I have deep concerns about this proposal's impact on children."
- o **Reform must be real.** The Administration remains committed to working with Congress and the nation's governors to craft bipartisan welfare reform legislation that is tough and fair. The American people want to see the welfare system changed from one that is about a paycheck, not a welfare check. That means that its central focus must be to move single parents off welfare and into a private sector job so they can support themselves and their families.

Welfare Reform Daily Talking Points
Wednesday, February 15, 1995

THIS IS WELFARE REFORM?

Today, the Subcommittee on Human Resources is expected to finish action on the House Republicans' welfare reform plan, marching in lockstep to pass the wrong-headed proposals in the *Contract with America*. On Monday, Republicans refused to accept Democratic amendments to strengthen their weak work requirements. Yesterday, they insisted on reducing federal assistance to abused, neglected and abandoned children by billions of dollars. Today, they're expected to turn their attacks against disabled children, postpone action on child support enforcement, and pass a bill that gets the problem right -- but the solution fundamentally wrong.

- o **Still weak on work.** On Monday, Republicans voted against requiring teen mothers to stay in school and participate in education and training as a condition of receiving benefits. They stuck with meaningless work requirements that would have even fewer welfare recipients working than under current law. And Democrats had to force the subcommittee majority to add even a modest penalty for states that don't meet the bill's minimal work standards.
- o **Still cruel to kids.** The Republican approach is clear: punish children for their parents' mistakes, and abandon the federal role for protecting abused and neglected children. Today, they will go even further -- and Democrats will offer amendments to protect disabled children from arbitrary benefit cuts. Republican plans to cut back on SSI come at a time when a blue-ribbon commission is already studying more thoughtful reforms -- and offer more proof that cruelty, not caring, is the Republican approach to change.
- o **All punishment and no parental responsibility.** After promising to add child support enforcement provisions to their bill, Republicans now plan to postpone action on child support for weeks -- until the bill reaches the full committee. Just last week, President Clinton urged Republicans to support strong child support enforcement. "If we're going to end welfare as we know it," he wrote Chairman Shaw, "we must make sure that all parents -- fathers and mothers alike -- take responsibility for the children they bring into this world." This remains the Administration's position -- and Democrats will take the battle to the full committee.
- o **Right problem, wrong solution.** Democrats believe that the welfare system must be fundamentally reformed -- but in a way that rewards work, requires parental responsibility, and prevents teen pregnancy and welfare dependency. Weak on work and cruel to kids, the Republican legislation does nothing to truly reform the welfare system. We won't have ended welfare as we know it until its central focus is to move single parents off welfare and into a private sector job so they can support themselves and their families.

REPUBLICAN ASSAULT ON CHILDREN CONTINUES

Today, the Subcommittee on Human Resources will continue to mark up the House Republicans' welfare reform plan, focusing on provisions to eliminate or reduce federal assistance to abused, neglected and disabled children. The Republican assault on children began late last night, as the subcommittee majority continued to insist that unwed teenage mothers and their children be ineligible for assistance. The Republican proposal would simply end benefits to these young mothers, while doing nothing to address the critical problems of teen pregnancy and welfare dependency.

- o **Short on work, long on punishing kids.** Yesterday, Secretary Shalala sent a letter to subcommittee members restating the Administration's position that the Republican bill punishes innocent children, while doing nothing to require serious work-based reform. "It does nothing to move people from welfare to work, and it does not require everyone who can work to go to work," she wrote. "It puts millions of children at risk of serious harm. There are alternative approaches to reform that achieve our mutual goals in far more constructive and accountable ways."
- o **Their solution: orphanages.** Last night, House Republicans stuck with their position on orphanages, defeating a Democratic amendment that would assure that children would not be taken from their homes simply because of the economic circumstances, age, or marital status of their parents. Republicans also defeated a Democratic amendment that -- instead of cutting off aid to teen mothers entirely -- would condition benefits on a minor mother agreeing to live at home, stay in school, and identify her child's father.
- o **More cruelty to kids.** Today, Republicans are expected to insist on child welfare provisions that would reduce federal assistance to abused, neglected and abandoned children by \$5.6 billion. Along with the provisions cutting off assistance to disabled children, and to children born to unmarried mothers under 18, this portion of the Republican plan represents a new level of cruelty to children.
- o **Republicans say it best.** In today's *Wall Street Journal*, Senator Olympia Snowe specifically criticized the requirement that states eliminate federal assistance for all unmarried parents under age 18. "Denying them payments isn't going to rectify a bad situation," she said. "It's going to make it worse for the child and the teenager who is having the baby." Representative Henry Hyde made a similar point last week in a *New York Times* interview. "The children need clothing, shelter, and nurture," he said. "You don't want to reward promiscuous pregnancy, but on the other hand, you don't want to make the children suffer for the transgressions of their parents." And the Heritage Foundation's Robert Rector told *Knight Ridder* that "This is major embarrassment to many Republicans. They have whittled down the work requirement to nothing."

Welfare Reform Daily Talking Points
Monday, February 13, 1995

**WELFARE REFORM MUST BE STRONG ON WORK,
NOT CRUEL TO CHILDREN**

Today, Clay Shaw's House Subcommittee on Human Resources begins marking up the Personal Responsibility Act, the welfare reform plan contained in the *Contract with America*. Over the past week, Democrats have united against the Republican proposal, which is tough on children and low-income families, but weak on requiring work. As House Democratic Leader Richard Gephardt said on Friday, "for the Republicans, welfare reform is just a way of passing the buck, kicking people off the welfare rolls, and leaving innocent children out in the street."

- o In fact, the work requirements in the Personal Responsibility Act would be **weaker than those under current law**. In 1996, under current law, 11.5 percent of welfare recipients (595,000 people) would be working -- either in part-time private sector jobs or in mandatory work programs. In contrast, under the Republican plan, only two percent of welfare recipients (105,000 people) would be required to participate in "work activities" in 1996.
- o **President Clinton's principles for welfare reform will not change**. As he said in his State of the Union address: "We have to help those on welfare move to work as quickly as possible, to provide child care and teach them skills if that's what they need for up to two years. And after that, there ought to be a simple hard rule: anyone who can work must go to work."

This Administration believes that:

- o **Welfare reform must be about a paycheck, not a welfare check**. We won't have ended welfare as we know it until the central focus of the program is to move people off welfare and into a private sector job so that they can support themselves and their families.
- o **Our goal must be to lift people up from dependence to independence, not to punish them because they happen to be poor, young, or unmarried**. We intend to work with Congress on a bipartisan basis; but we continue to oppose any plan to deny assistance to young mothers, break up families, punish children for their parents' past mistakes, or put children in orphanages.
- o **Tough child support enforcement must be a centerpiece of welfare reform**. We're pleased that House Republicans intend to adopt our proposals for child support enforcement, which was a key agreement reached at the Working Session on Welfare Reform. If we're going to end welfare as we know it, we must make sure that all parents -- fathers and mothers alike -- take responsibility for the children they bring into this world.

Page 1

Personal Responsibility Act
(as reported out)
Ways & Means Democratic
Substitute
Individual Responsibility Act
(Deal H.R. 982)
AFDC
Administration

AFDC, JOBS and EA would be repealed and replaced with a block grant. States would determine eligibility, availability, and administration.

Would maintain current law.

Maintains current law.

AFDC Funding

The block grant would be \$15.355 billion for each year for 1996-2000. States allotments would be based on 1994 spending for AFDC, JOBS, and administration. (Cuts \$8.7 billion over 5 years)

Would maintain current law. Retains current AFDC state match requirement and increases federal financial share of work program (see below).

Maintains current law. Retains state match requirement. Increases federal financial share of work program.

Adjustments

Yearly adjustments would be made based on proportionate population growth with additional allotments coming from a \$100 million fund. No state match requirement. State allotments also adjusted by ratio of out-of-wedlock births and abortion increases over total births. States can put unspent funds into rainy day account for years when more money is needed. Amounts above 120% of annual allocation may be transferred to general revenue. Eligible states can also borrow against \$1 billion national rainy day account. Repayments with interest are due within 3 years.

Not applicable.

Not applicable.

AFDC Entitlement
and Prohibitions

Repeals individual entitlement to AFDC. States would be prohibited from using funds for benefits to families on the rolls 5 cumulative years, individuals receiving SSI (unless their income has been counted in determining eligibility), most non-citizens, minor mothers with children, children born to families already on AFDC, and families not cooperating with the state child support enforcement agency.

Retains individual entitlement to AFDC. Adults are required to sign contract of mutual responsibility (self sufficiency plan) within 30 days of becoming eligible for AFDC (within 90 days at state option).

Retains individual entitlement to AFDC. Individuals would be required to complete a mutual responsibility agreement (self-sufficiency plan) within 30 days and job search would be a mandatory first activity.

Page	Personal Responsibility Act (as reported out)	Ways & Means Democratic Substitute	Individual Responsibility Act (Deal H.R. 982)
Time Limits	Cumulative 5 years maximum for recipients, states are allowed to exempt 10% of caseload. However, since states would define eligibility rules, they could implement any time limit less than 5 years.	After 2 years, recipients must work for benefits. After 4 years, support ends unless no jobs are available. If no job is available, the state must provide one. After 4 years, the federal share will decrease by 25% for that recipient, and an additional 25% for each year thereafter.	States have the option to end benefits after two or four years. Months where individuals work for an average of 30 hours per week in a private sector job could not be counted. Recipients would receive benefits under the Work First program for 2 years. Then states can terminate benefits or take the option of requiring participation in the community work service program for 2 more years. After a total of 4 years, participants are no longer eligible for cash benefits (with an exemption of 10% that could be increased to 15%).
Work Program	States must meet participation requirement of 4% in FY97 rising to 50% in FY03. Mandatory population are those who have been on the rolls for 2 years (less at state option). There is no work or education requirement for first 2 years. States do not have to provide jobs. A state's caseload reductions below FY95 baseline offsets its participation requirements. Recipients must be working in unsubsidized employment, on-the-job training, or job search 20 hours per week. Rises to 35 hours per week by FY02. Educational or training activities do not count toward participation in work.	States must meet participation requirement of 15% in FY97 rising to 50% in FY03. States decide who participates. Participation must average 30 hours a week. Activities include work, job search, education, or training. After 2 years, all adults required to work 30 hours or more. States must provide subsidized job if no private sector job is available.	States must meet participation requirements of 16% in FY97 rising to 52% in FY03. States may establish community work service program. Recipients must be in work, education, training, or taking part in activity specified in self-sufficiency plan for 30 hours per week. After 2 years, if states elected to operate Community work programs, participants must be working for 30 hours per week, plus additional 5 hours/week of job search.
Education and Training	JOBS program is repealed. Would allow such activities only if recipient is already participating in work program 20 hours per week.	Would replace JOBS program with Work First program. In addition to work, recipients can be in education, training, or other activities specified in the self-sufficiency plan, but only for the first two years of welfare receipt.	Work First program would replace the JOBS program. Recipients can be in education, training, or other activities specified in the self-sufficiency plan only for first 2 years of receipt.
Funding for Work	No additional money beyond what is in the welfare block grant for work requirements.	\$9.9 billion over 5 years, in addition to current \$1 billion per year for the JOBS program.	\$8.6 billion over 5 years in addition to the \$1 billion per year for the JOBS program.
Performance Measures	Failure to achieve the required work participation rate would result in a 5% reduction of the state's annual grant. Failure to provide required performance data would result in 3% penalty.	The Secretary of HHS would establish outcome-based performance measures linked to federal funding regarding (1) how states help recipients transition to work (2) the degree to which a self-sufficiency plan was met (3) whether the state met participation standards (4) whether families achieve self-sufficiency.	The Secretary would develop measures to determine state success in moving recipients into private sector work. There would be no fiscal penalty for failure to meet participation requirements.

Page	Personal Responsibility Act (as reported out)	Ways & Means Democratic Substitute	Individual Responsibility Act (Deal H.R. 982)
Transitional Medicaid	Current Law	Current one year with one additional year using vouchers to deliver health care effectively.	Current one year with state option to extend by another 6 or 12 months.
Child Care	Repeals entitlement to AFDC Child Care, transitional child care, and At-risk child care. Combines with other child care programs and turns into a block grant to states. Cuts \$1.7 billion over 5 years.	Retains guarantee to AFDC and transitional child care for families in work activities. Merges AFDC, transitional, and At-risk child care programs and a portion of the child care development block grant that is used for direct child care into title XX. Provides a total of \$6.5 billion over 5 years, plus adjustments for inflation.	Retains guarantee to AFDC and transitional child care for families in work activities. Merges AFDC transitional and At-risk child care programs and the portion of the child care development block grant that is used for direct child care into title XX. State allotments are made on the basis of proportion of all children nationally under age 13. Provides a total of \$6.0 billion over 5 years.
Teen Parent Provisions	Eliminates (federal block grant) cash benefits to mothers under 18 and their children. Both become eligible for AFDC upon the mother turning 18.	Requires minor parents to live at home. Benefit check paid to 3rd party adult. Requires school-age parents to stay in school. Implement a national campaign against teen pregnancy.	Require minor parents to live at home. Require school-age parents to stay in school. Deny housing assistance to heads of household who had a child out of wedlock before age 18. State option to deny AFDC benefits to parents under age 18. Implement a national campaign against teen-pregnancy.
Family Caps	States are prohibited from using federal funds to pay an additional benefit to children born to families on welfare. Child would be eligible for Medicaid.	State option to implement family exclusion rules.	State option to implement family exclusion rules.
Paternity Establishment	Denies up to the lesser of \$50 or 15% of benefits to all cases where paternity is not established (no exceptions). Families would receive the withheld benefits once paternity is established.	Denies AFDC benefits to mothers who do not cooperate in the establishment of paternity.	Denies AFDC benefits to mothers who do not cooperate in the establishment of paternity.
Child Welfare/Foster Care and Adoption Assistance	Repeals entitlement of IV-E Foster Care Adoption Assistance programs. Repeals IV-B programs. Turns all child welfare programs into a single block grant to states. Cuts \$2.5 billion over 5 years.	Consolidates all discretionary child welfare programs into IV-B. Retains the entitlement to family preservation programs and title IV-E programs.	No change to current law.

Page	Personal Responsibility Act (as reported out)	Savings & Means Democratic Substitute	Individual Responsibility Act (Deal H.R. 982)
SSI Program for Children	Eliminates the individualized functional assessment (IFA) as a means to determine SSI eligibility. <i>(Note this would make 250,000 children ineligible for SSI)</i> Current recipients who meet medical listing would continue to receive cash. However new applicants who meet medical listing would also have to be institutionalized or need personal assistance services. A new block grant for services would be established.	Eliminates "maladaptive behavior" from the medical listings as a criteria for eligibility. Tightens the severity threshold for the IFA. Saves \$6.5 billion over 5 years.	Based on informal information from Deal's staff, the IFA would be eliminated. Maladaptive behavior would be eliminated from medical listings and possibly other mental disorders as well.
SSI Program for Drug Addicts and Alcoholics	Denies SSI cash benefits and medicaid to drug addicts and alcoholics. Takes \$100 million of savings per year and places in general drug treatment programs. Cuts \$2 billion over 5 years.	Denies SSI cash benefits to drug addicts and alcoholics. Retains medicaid eligibility. Places a portion of the savings into a drug treatment program with a priority for the SSI population. Saves \$1.0 billion over 5 years.	No provisions.
Legal Immigrants	Would deny legal eligibility to SSI, welfare block grant and social services block grant. Exempted are over age 75 residents here for 5 years, U.S. veterans, and refugees for the first 5 years. Extends deeming until citizenship for all federal programs and makes affidavits of support legally binding. Requires states and localities to deny most public assistance to illegal aliens. Allows them to restrict benefits to lawful aliens consistent with federal program restrictions. Cuts about \$10.3 billion over 5 years. <i>(Other Committees will probably make legal immigrations ineligible for food stamps and Medicaid.)</i>	Implements deeming until citizenship for AFDC and SSI. Intent is to extend provisions for Medicaid as well. Makes sponsorship agreements legally enforceable. Saves \$5.1 billion over 5 years.	Eliminates legal immigrants' eligibility to AFDC, SSI, food stamps, and Medicaid. Exempted are over age 75 residents here for 5 years, veterans and active duty servicemen and families, and refugees for the first 6 years. Allows state and local governments to deny income-based cash assistance to non-citizens to the extent consistent with federal restrictions. Bill would guarantee \$6 billion over 4 years to states based on the proportion of lawful resident aliens in each state. Saves \$15.3 billion over 5 years.
Costs and Savings	Cuts a net of \$44.3 billion over 5 years.	Would be revenue neutral: approximately \$12 billion in savings and \$12 billion in costs.	No figures available. Pending the outcome of final provisions, the plan will be deficit neutral.

Summary of the Current House Republican Welfare Proposal

BILL REPORTED OUT OF THE HOUSE WAYS AND MEANS COMMITTEE BY CHAIRMAN ARCHER

-- March 7 (5:45 p.m.) --

TITLE I: BLOCK GRANT TEMPORARY ASSISTANCE FOR NEEDY FAMILIES

- **Block Granting of AFDC:** Eliminates all existing statutory language on the purposes, administration and requirements of the AFDC, JOBS and EA programs and replaces them with a block grant to states. Eliminated, for example, are provisions on individual entitlements, fair hearings, state financial participation, consistent standards of need, who in the family is eligible, and statewide program availability. Separately, states would be required to operate child support, child protection, and foster care and adoption programs.
- **Funding:** The block grant would be \$15.355 billion for each year from 1996 through 2000. Administration estimates show that this would cut spending to states by approximately \$11.5 billion over 5 years. Additionally, for the years 1997 through 2000, \$100 million per year would be allocated among states that experience population growth in proportion to their growth.
- **State Allotment:** The block grant money would be a capped entitlement to states. Each state would be allotted a fixed amount equal to the higher of their average proportion of AFDC benefits, JOBS, EA benefits, and administrative spending for 1994. The adjustment to each state's grant amount for an increase in population would be based on the proportion of total growth experienced by each state. States that experience population growth would receive an additional allotment from the \$100 million described above.
- **State Bonus:** Block grant amounts to states would be increased if the state experienced a decrease in the rate of non-marital births. This rate is defined as the total of non-marital births divided by the total number of births, provided that any increase in the number of abortions in the State shall be added to the numerator. (However, it is unclear whether these bonus payments would constitute an increase in the capped amount or if the bonus payments would be at the expense of states who failed to reduce the rate of non-marital births.)
 - a 1% point reduction in the rate of non-marital births from the year preceding enactment would result in a 5% increase in a state's grant amount
 - a 2% point reduction results in a 10% increase in a state's grant amount
- **Rainy Day Funds:** States may put unspent amounts of block grant funds into a rainy day account for years when more money is needed. Amounts accrued in excess of 120% of their annual allocation may be transferred into the state's general revenue fund. There would also be a national rainy day account of \$1 billion administered by the Secretary of HHS from which eligible states could borrow. Repayments, with interest, must be made to the fund within 3 years. Eligible states are those with 3-month average unemployment rates in excess of 6.5% and at least 10% higher than either of the previous 2 years. The maximum amount would be half the annual allocation or \$100 million, whichever is less.
- **Work requirements:** A state's required work participation rate would be set at 4% in 1996 and would rise to 50% by 2003 for single-parent families and would increase from 50% to 90% by 1998 for two-parent families. The Secretary can reduce the block grant funding by up to 5% for failure to meet the annual participation standard. Caseload reductions below the 1995 caseload are counted as working (regardless of whether they are or are not working). The mandatory work population would consist of all recipients on the rolls for 24 months (including recipients currently on AFDC). Noncustodial fathers in arrears in payment of child

support and who had a child receiving AFDC, would be required to either work out a repayment program or participate in a work program.

- **Work Definition:** Caseload reductions below the 1995 baseline are counted as work participants. Work activities would include unsubsidized and subsidized employment, on-the-job training, subsidized public sector employment or work experience, or job search. Participation in education and training does not count towards the participation rate unless, for single-parent families, they are working 20 hours per week and, for two-parent families, they are working 30 hours per week. Participation would be a minimum of 20 hours per week in 1996 rising to 35 hours in 2002 and thereafter. Recipients under age 20 and enrolled in high school would also satisfy the work requirement. Child care would not be guaranteed for mandatory work participants.
- **State Flexibility:** States would determine all rules relating to benefit levels and eligibility criteria. The proposal eliminates current requirements for statewide standards of need and payment. States would be allowed to use their block grant funds in any manner that is reasonably calculated to accomplish the purpose of the bill. At the same time, the Secretary is prohibited from regulating the conduct of the states or enforcing any provision beyond what is specified in the bill. States may pay benefits to interstate immigrants at the level of their original state for up to 12 months. States would be allowed to transfer up to 30% of the funds to other block grants.
- **State Requirements:** Benefits must be used to serve families with a minor child. States are required to submit annual data on several measures and must submit to a bi-annual audit. Additionally, under provisions from Title III of this act, state social service agencies would be required to provide the name, address and other information of illegal aliens with citizen children to the INS.
- **Prohibitions on States:** States cannot use federal block grant funds to provide benefits to:
 - (1) families who have been on the rolls for 5 cumulative years;
 - (2) individuals receiving SSI or Old Age Assistance unless such benefits are treated as income in determining benefit levels;
 - (3) non-citizens, except veterans, certain refugees in the U.S. less than 5 years and aged non-citizens who have resided in the U.S. more than 5 years;
 - (4) minor mothers with children born out-of-wedlock (until they reach 18); However, these families would be eligible for Medicaid;
 - (5) children born while parent is on AFDC or to parents who received welfare at any time during the 10 month period ending with the birth of the child (*i.e.*, *family cap*). However, these families would be eligible for Medicaid; and
 - (6) families not cooperating with the state child enforcement agency or to establish paternity who have not assigned to the state the child's claim rights against non-custodial parents.

Additionally, beginning 1 year following the enactment of the bill, states must pay a reduced benefit (a fine) to children whose paternity is not established. The reduction (not to exceed the lesser of \$50 or 15% of the monthly benefit) would be in effect until paternity was established. Once paternity was established, the monies withheld as a penalty would be remitted to the family.

- **Penalties:** If an audit determines that funds were spent inappropriately, the misspent amounts can be withheld from future payments to the state. No single quarterly payment could be reduced by more than 25%. Failure to achieve the required work participation rate would result in a 5% reduction of the state's annual grant. Failure to provide required performance data would also result in a 3% reduction. Finally, failure to participate in Income Eligibility Verification System would result in a penalty of 1% of the state's annual grant. HHS would

review the success of states' work programs to identify and report to Congress on the three least and the three most successful programs.

- **Time Limits:** AFDC would no longer be an entitlement to individuals. States would be prohibited from using federal block grant dollars to provide benefits to a family that has been on the rolls 5 years after they have attained 18 years of age. States could exempt up to 10% of the caseload from this requirement. However, since states determine all rules relating to benefit levels and eligibility, they could establish a time limit of less than 5 years for families to be on assistance.
- **Medicaid:** Medicaid eligibility is frozen at the rules currently in place. Future and current recipients that become ineligible for cash aid but who are eligible for Medicaid on the basis of income and asset rules in existence today would retain Medicaid eligibility, except for non-citizens.

TITLE II: CHILD PROTECTION BLOCK GRANT

- **Block Grant for Child Protection Services:** The current open-ended entitlement program for IV-E Foster Care and Adoption Assistance Program, the capped state entitlement IV-B Child Welfare Services program and Family Preservation and Support program, along with a number of discretionary programs related to child abuse and neglect, would be consolidated into a block grant to states.
- **Funding:** The funding would be \$4.444 billion in FY 1996, \$4.709 billion in FY 1997, \$5.021 billion in FY 1998, \$5.281 billion in FY 1999, and \$5.585 billion in FY 2000. Administration estimates show that resulting spending to states would be reduced by \$2.9 billion over 5 years relative to current law.
- **Maintenance of Effort:** States shall not reduce the state share of spending on Title II programs (based on FY 1994 spending) for the first two years of the block grant.
- **State Allotment:** The block grant would be a guaranteed five year capped entitlement to the states based on the higher of the average of the state's proportion of total spending under these programs for FY 1991 through FY 1994 or the state's proportion of total spending in FY 1994.
- **State Eligibility for Funds:** States must provide HHS with information on how they intend to use the funds and provide a series of certifications ensuring that procedures are in place on reporting of abuse and neglect and acting on those reports, for removal of children and placing them in safe and nurturing settings, and for achieving permanent placement. Also, a declaration of a state's quantifiable goals and its progress in meeting these goals is required.
- **Purpose and Use of Funds:** States may use funds in any manner they choose to accomplish the purposes specified in the law. The purposes are identifying and assisting families at risk of abusing or neglecting their children by providing family preservation, support and treatment services; operating a system of receiving reports on abuse or neglect; investigating families reported; assisting troubled families in providing proper protection and nurturing their children; providing foster care; making timely decisions about permanent living arrangements; providing independent living services; and continuing evaluation and

improvement of child protection laws, regulations and services. States are not allowed to transfer funds to other block grants.

- **Penalties:** If a required audit finds that a state has used funds in a manner not authorized by law, funds are to be withheld the following year. However, not more than 25 percent of a quarterly payment can be withheld. Also, the annual grant will be reduced by 3 percent if a state fails to submit within 6 months the required data report. Placement and related administration funds may be withheld if a state discriminates in adoption or foster care placements based on race, color, or national origin.
- **Child Protection Goals:** States are required to protect children, investigate reports of abuse and neglect promptly, have permanency plans in place for children removed from their homes and dispositional hearings within 3 months of a fact-finding hearing, and out-of-home placements must be reviewed every 6 months unless the child is already in a long term placement.
- **Citizen Review Panels:** States are required to establish at least 3 citizen review panels that would be broadly representative of the community and that would meet at least quarterly. Each panel would review specific cases to determine state compliance and would make a report available to the public.
- **Study and Clearinghouse/Hotline:** The proposal would provide for \$6 million per year to conduct a national random-sample study of child welfare. An additional \$10 million annually is provided to the Secretary to conduct child welfare research and \$3 million per year to support a clearinghouse and hotline on missing and runaway children.
- **Data Collection and Reporting:** Annual state data reports are required to be submitted to HHS that includes basic aggregate data on the numbers of children abused and neglected, in foster care, that received services, deaths that resulting from child abuse or neglect, and other similar information. States must also provide data measuring their progress in meeting the goals in the law and a summary response to the citizen review panel's findings and recommendations. The Secretary of HHS would issue an annual report of the data and provide it to Congress and the public.
- **Limitation on Federal Authority:** Other than what is specified in the law, the Secretary cannot regulate the conduct of states or enforce any provision of the law.
- **Removal of Barriers to Interethnic Adoption:** The Metzenbaum Multiethnic Placement Act of 1994 is repealed. This law said that states must consider race and ethnicity in selecting a foster care or adoptive home. An agency or entity that receives federal assistance and is involved in adoption or foster care placements may not consider race, color, or national origin of the person or the child involved.

TITLE III: RESTRICTING WELFARE FOR ALIENS

- **NonCitizens Ineligible for Assistance:** Under these provisions, except for the exceptions noted below, legal immigrants would be ineligible for federal assistance under three programs (SSI, Temporary Family Assistance Block Grant, and Title XX Block Grant). Legal immigrants would remain eligible for the Earned Income Tax Credit and Child Protection Block Grant. States would be allowed to deny state means-tested assistance to legal

immigrants subject to the same exceptions as apply to federal programs (see below). State agencies would be required to provide INS the name, address, and other identifying information of illegal aliens with children who are citizens of the U.S.

Provisions would also require state and local governments to deny means-tested public assistance to aliens "not lawfully present in the U.S." except for emergency medical services and public health assistance for certain immunizations and testing and treatment of communicable disease. The Attorney General is authorized to determine which classes of aliens should be considered "not lawful" and may include groups currently considered to be PRUCOL.

- **Exceptions:** Legal permanent residents over age 75 who have resided in the U.S. at least 5 years and noncitizen veterans honorably discharged from the U.S. Armed Forces and residing in the U.S. or one of its territories or outlying possessions are eligible for benefits. Refugees are eligible for benefits for up to five years after the date of their arrival. Current noncitizen recipients would become ineligible one year after the enactment of the provisions and would receive notification of their ineligibility for any federal programs.
- **Sponsorship and Deeming:** Sponsorship documents would become legally binding until the immigrant attained citizenship. The government would be able to recoup benefits paid to immigrants from sponsors who failed to provide support. However, immigrants denied benefits would be unable to sue sponsors to require sponsors to provide financial support. The time period for deeming would be extended to until the immigrant attained citizenship and would apply to all federal, state and local means-tested public assistance programs. In conjunction with the general ineligibility provision above, deeming would only apply to sponsored immigrants over age 75 with 5 years residence and to sponsored veterans.

TITLE IV: SUPPLEMENTAL SECURITY INCOME REFORMS

- **Denial of Benefits to Addicts:** Individuals whose addiction to alcohol or drugs is *material to the finding of disability* would be made ineligible for SSI and would also lose their Medicaid eligibility. Existing law regarding representative payee requirements for addicts and alcoholics, treatment requirements, monitoring and testing are eliminated for SSI (but remain in effect for DI beneficiaries). Of the savings resulting from this provision, \$400 million over 5 years would be devoted to providing substance abuse treatment through the Capacity Expansion Program and to funding medication development research through the National Institute on Drug Abuse.
- **SSI Eligibility Restrictions For Children with Disabilities:** The functional impairment test using the Individual Functional Assessment (IFA) for determining disability is repealed. Children who currently receive SSI by virtue of an IFA would lose all benefits (cash and Medicaid) six months after enactment. Children who are currently SSI eligible because they have a disability that meets the listings of impairments would continue to receive cash benefits and Medicaid. Children in this group who become temporarily ineligible for SSI because of financial reasons would receive cash benefits if they return to the rolls. For applicants after enactment, cash benefits and Medicaid would only be available for children who meet the medical listings AND are institutionalized or require personal assistance services because of their disability. A child who is overseas as a dependent of a member of the U.S. Armed Forces and who is eligible for the block grant services but not cash benefits under the new criteria would be eligible for cash benefits until they return to the United States and receive

block grant services. A review of the appropriateness of the mental impairments listing by the Childhood Disability Commission is required. States are required to conduct continuing disability reviews (CDRs) at least every 3 years unless it is determined that the child's condition cannot improve. A CDR would be required after one year for low birth weight babies.

- **New Block Grant for Children with Disabilities:** Children who qualify for SSI cash benefits would be eligible for services, using existing delivery systems where possible, under the new block grant. In addition, children considered disabled under medical impairments listings but not eligible for cash benefits would be eligible for additional medical and non-medical services under a block grant. This block grant would be an entitlement to states. Cash payments would not be permitted. States would have to allow all eligible children to apply for services under the block grant, although it is made explicit that there is no individual entitlement to services. A state's allotment of the block grant funds would equal the product of 75 percent of the average qualifying child's SSI benefit in the state and the number of children in the state who meet the listings but don't receive cash benefits.
- **SSI Block Grant for Territories:** The proposal establishes a new block grant for SSI recipients in Puerto Rico, U.S. Virgin Islands, Guam and American Samoa. This provision would be budget neutral. Puerto Rico, U.S. Virgin Islands, Guam and American Samoa do not currently operate an SSI program, rather benefits are provided to this group through their AFDC program. This provision is necessary because the new Title I transitional assistance prohibits funds to be used for SSI recipients.

TITLE V: CHILD SUPPORT ENFORCEMENT

- **Centralized Support Order Registry and Collection Disbursement:** States must record all child support orders in an automated state central case registry and collect and disburse child support payments using an automated centralized collections unit. States will then be able to monitor child support payments and take automatic enforcement actions when payments are missed. The registry will also contain information on pending paternity establishment cases that are provided services through the CSE system.
- **Reporting of New Hires:** States are required to establish a State Directory of New Hires. A National Directory of New Hires is to be established within the Federal Parent Locator Service. Employers are required to report information (i.e., W-4 form or equivalent information) on each new hire to the state directory. Failure to do so would result in a \$25 penalty for each unreported hire. Each State Directory of New Hires must conduct automated matches of new hires against the State central support order registry. States must also report their new hire information to the National Directory of New Hires. The National Directory is required to match these records with other State central support order registries. Employers are required to execute wage withholding for any employee for which a match occurs.
- **Interstate Child Support:** Requires States to adopt verbatim, with the exception of a few modifications, the Uniform Interstate Family Support Act (UIFSA). States are permitted to enforce interstate cases using an administrative process. The Secretary must issue uniform forms for use of enforcement of child support in interstate cases.
- **Paternity Establishment:** Individuals who apply for or receive assistance under the Temporary Family Assistance Program must cooperate with child support enforcement.

efforts by providing specific identifying information about the noncustodial parent. Good cause exceptions may be applied. Responsibility for determining cooperation is shifted from the temporary assistance agency to the child support agency. States are required to have a variety of procedures designed to expedite and improve paternity establishment performance. States are required to publicize the availability and encourage the use of procedures for voluntary establishment of paternity and child support. Children receiving AFDC for whom paternity is not established will receive a reduced benefit (more details on this provision can be found in the section on Title I in this document).

- **Funding and Performance Based Incentives:** The existing system of incentive payments is replaced with a new system under which States could receive: increases up to 12 percentage points for outstanding performance in establishing paternity and up to 12 percentage points for overall performance. States are required to recycle incentive payments back into the child support program. Failure to meet defined paternity establishment and overall performance standards, as established by an audit and failure to take sufficient correction action will result in an reduction of otherwise payable incentive amounts. The current federal match of 66 percent of costs incurred by the IV-D agency is retained. States would receive enhanced funding of \$260 million to make improvements in their ADP systems that are required by the Act.
- **Change in Distribution and Pass-Through Policies.** The \$50 pass-through and disregard for AFDC families is eliminated. The state can pass all child support through to the family but it must be treated as income in determining their AFDC benefit amount. Families no longer receiving AFDC benefits would receive all child support owed to them for periods before and after AFDC receipt before the state can apply arrearages to the AFDC recoupment.
- **Establishment and Modification of Support Orders:** States shall review and, if appropriate, adjust all child support orders enforced by the State child support agency every three years. States can use automated means to accomplish review and adjustment by either using child support guidelines, applying a cost of living increase to the order and giving the parties an opportunity to contest, or without showing a change in the circumstances of the parties. States may also review and, upon a showing of change in circumstances, adjust orders according to the child support guidelines upon the request of a party.
- **Enforcement of Child Support Orders:** In addition to the establishment of a new hire reporting directory to assist in the enforcement of child support orders, all child support orders issued or modified before October 1, 1996, which are not otherwise subject to income withholding, are immediately subject to wage withholding if arrearages occur without the need for a judicial or administrative hearing. The Secretary of Defense is required to establish a central personnel locator service that contains the address of every member of the Armed Services (including retirees) and make this information available to the Federal Parent Locator Service.
- **Visitation and Access Grants:** Grants will be made to States for access and visitations related programs.

**PRELIMINARY ESTIMATES OF THE NUMBER OF CHILDREN AFFECTED BY
SPECIFIC PROVISIONS OF THE ARCHER MARK WELFARE PROPOSAL**

The Archer Mark plan has many provisions that would deny assistance to poor children under a federal block grant. In 1993, an average of 9.7 million children and 4.9 million families received AFDC benefits. Total federal AFDC benefits in 1993 was \$12.4 billion. Listed below are the major provisions that would deny assistance to children and the impacts of each provision after the first year, after the fifth year and at full implementation assuming no behavioral effects.

- Denies benefits to the children of unmarried mothers under the age of 18 until the mother turns 18.

**Impacts From Denying Benefits to the Children of Unmarried Mothers Under 18
Until the Mother Turns 18**

	Year 1	Year 5	Full Implementa- tion
Children Denied	20,000	60,000	70,000
Entire Units Denied	20,000	50,000	60,000
Federal Savings Percentage	0%	1%	1%

- Denies benefits for additional children born to a mother who is receiving AFDC or one who has received AFDC any time during the 10 month period ending with the birth of the child. In response to this provision a pregnant women will delay application until after the child is born. This change in behavior is captured in the numbers below. Some families become ineligible because of other resources.

Impacts from the Family Cap

	Year 1	Year 5	Full Implementa- tion
Children Denied	No Impact	1,200,000/11%	2,200,000/18%
Entire Units Denied	No Impact	80,000/1%	240,000/4%
Federal Savings Percentage	No Impact	5%	9%

- Reduces benefits to children who do not have paternity established until paternity is established. Units would not lose eligibility but have benefits reduced.

Reduces Benefits to the Children Who do not Have Paternity Established

	Year 1	Year 5	Full Implementa- tion
Children Affected	800,000/10%	2,100,000/27%	3,200,000/30%
Entire Units Denied	0	0	0
Federal Savings Percentage	2%	7%	8%

- The number of children and the number of units affected by the time limit is based on the dynamics literature. Pavetti (1994) in the paper "Policies to Time Limit AFDC Benefits: What Can We Learn from Welfare Dynamics?" finds that when multiple spells of welfare receipt are accounted for, at any given point in time about 70 percent of the caseload will have already received AFDC for more than 24 months and 48 percent will have already received AFDC for 60 months. In their book *Welfare Realities*, Bane and Ellwood find that about 65 percent will have received AFDC for more than 24 months *in a single spell*.

- Denies families eligibility for AFDC once they have received aid for 24 cumulative months. Of course, a two year time limit on AFDC would have no affect after the first year after implementation. The dynamics literature indicates that about 70 percent of families and 75 percent of children are on AFDC for two years or more.

Impact of the Two Year Time Limit

	Year 1	Year 5	Full Implementa- tion
Children Denied	No Impact	7,275,000/75%	7,275,000/75%
Entire Units Denied	No Impact	3,500,000/70%	3,500,000/70%
Federal Savings Percentage	No Impact	60%	60%

- Denies Families eligibility for AFDC once they have received aid for 60 cumulative months. Of course, a five year time limit on AFDC would have no affect after the first or fifth year after implementation. The dynamics literature indicates that 48 percent of families and 55 percent of children have been on AFDC 5 years or more. This analysis takes into account that 10% of the entire caseload can be exempt from a five year time limit.

Impact of the Five Year Time Limit

	Year 1	Year 5	Full Implementa- tion
Children Denied	No Impact	No Impact	4,100,000/42%
Entire Units Denied	No Impact	No Impact	1,850,000/38%
Federal Savings Percentage	No Impact	No Impact	43%

- As some children will be affected by more than one provision, one cannot sum the separate provision effects to obtain the entire impact of the bill. For example, a child born out of wedlock to a minor mother and conceived on AFDC appears in each individual estimate.

- Combined effects of the following provisions; deny AFDC to children born to unmarried mothers under 18, deny AFDC and food stamps to most non-citizens, deny AFDC to children conceived after case began, and five year time limit on AFDC receipt.
- The combined effects presented are conservative estimates of the major provisions of the Shaw plan. The five year time limit analysis examines current spells on AFDC and an imputation of prior spells based on NLSY data. This analysis takes into account that 10% of the entire caseload can be exempt from a five year time limit.

Combined Effects with a Five Year Time Limit

	Year 1	Year 5	Full Implementa- tion
Children Denied	800,000	3,500,000/35%	4,600,000/47%
Entire Units Denied	20,000	218,000/4%	1,967,000/42%
Federal Savings Percentage	0%	11%	46%

Table Three

**Title One - Temporary Family Assistance Block Grant
State Share as Determined Under Various Formulae**

DRAFT

(dollars in millions)

State	State Share: Subcommittee Bill	State Share: Archer Mark	State Share: Amended Committee Mark	Five Year Funding Change (Amended Full Committee - Subcommittee)
Alabama	\$82	\$86	\$89	\$41
Alaska	\$57	\$60	\$62	\$39
Arizona	\$185	\$203	\$208	\$124
Arkansas	\$61	\$58	\$55	(\$25)
California	\$3,470	\$3,422	\$3,507	\$196
Colorado	\$115	\$115	\$117	\$25
Connecticut	\$224	\$218	\$223	(\$3)
Delaware	\$26	\$25	\$25	\$6
Dist. of Columbia	\$83	\$88	\$90	\$34
Florida	\$482	\$519	\$532	\$258
Georgia	\$319	\$311	\$316	(\$6)
Guam	\$8	\$11	\$11	\$22
Hawaii	\$80	\$90	\$92	\$71
Idaho	\$27	\$29	\$30	\$33
Illinois	\$547	\$531	\$535	(\$56)
Indiana	\$173	\$197	\$202	\$154
Iowa	\$128	\$124	\$123	(\$21)
Kansas	\$91	\$96	\$98	\$43
Kentucky	\$196	\$184	\$168	(\$136)
Louisiana	\$174	\$163	\$149	(\$118)
Maine	\$87	\$82	\$73	(\$67)
Maryland	\$227	\$219	\$217	(\$45)
Massachusetts	\$474	\$454	\$439	(\$174)
Michigan	\$830	\$789	\$744	(\$424)
Minnesota	\$275	\$264	\$255	(\$97)
Mississippi	\$89	\$84	\$77	(\$60)
Missouri	\$198	\$200	\$205	\$38
Montana	\$42	\$41	\$41	\$4
Nebraska	\$53	\$51	\$47	(\$24)

**Title One - Temporary Family Assistance Block Grant
State Share as Determined Under Various Formulae**

(dollars in millions)

State	State Share: Subcommittee Bill	State Share: Archer Mark	State Share: Amended Committee Mark	Five Year Funding Change (Amended Full Committee - Subcommittee)
Nevada	\$28	\$32	\$33	\$47
New Hampshire	\$33	\$37	\$38	\$29
New Jersey	\$418	\$396	\$369	(\$244)
New Mexico	\$92	\$114	\$116	\$137
New York	\$1,942	\$2,129	\$2,183	\$1,203
North Carolina	\$284	\$276	\$279	(\$13)
North Dakota	\$25	\$23	\$22	(\$9)
Ohio	\$754	\$723	\$704	(\$243)
Oklahoma	\$166	\$156	\$141	(\$124)
Oregon	\$164	\$160	\$164	\$12
Pennsylvania	\$628	\$604	\$591	(\$184)
Puerto Rico	\$75	\$80	\$82	\$43
Rhode Island	\$81	\$84	\$86	\$24
South Carolina	\$107	\$101	\$95	(\$50)
South Dakota	\$22	\$22	\$21	\$0
Tennessee	\$178	\$172	\$171	(\$25)
Texas	\$419	\$431	\$442	\$125
Utah	\$74	\$71	\$69	(\$8)
Vermont	\$47	\$45	\$44	(\$13)
Virgin Islands	\$4	\$3	\$4	\$7
Virginia	\$148	\$150	\$154	\$39
Washington	\$382	\$378	\$387	\$39
West Virginia	\$111	\$108	\$107	(\$21)
Wisconsin	\$344	\$326	\$304	(\$194)
Wyoming	\$24	\$22	\$20	(\$9)
Totals	\$15,355	\$15,355	\$15,355	\$400

Notes:

**** State Share in the subcommittee bill is based on the distribution of Federal AFDC payments between FY91 and FY93. State share in the original Archer mark is the higher of either share based on the distribution of Federal AFDC payments in FY94 or state share based on Federal payments between FY91 and FY94. Since this method results in a total that is higher than what is set in Title One (\$15.355 billion), each state's share is decreased by a reduction factor. State share under the Amended Committee Mark is based on the distribution of Federal AFDC payments in FY94.**

**** The five year funding loss includes the impact of the additional \$100 million available each year (FY97 - FY00) to compensate states for population growth.**

**** Data for calculations was obtained from the Office of Financial Management, and is current as of February 14, 1994.**

**** Numbers in columns may not add perfectly due to rounding.**

07-Mar-95

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BUDGETARY IMPACT OF HOUSE REPUBLICAN CHILD PROTECTION BLOCK GRANT PROPOSAL

Current law estimates as compared to proposed block grant: Outlays in \$ millions

	07-Mar-95 10:35 AM	FY 1994 Actual	FY 1995 Estimate	FY 1996 Baseline	FY 1997 Baseline	FY 1998 Baseline	FY 1999 Baseline	FY 2000 Baseline	5-year Total
IV-E Foster Care /1		\$2,655	\$3,118	\$3,506	\$3,740	\$4,090	\$4,471	\$4,884	\$20,691
IV-E Adoption Assistance /1		314	407	475	519	562	608	658	\$2,822
IV-B Family Preservation/Support /2		1	67	148	212	237	253	263	\$1,112
IV-E Independent Living		\$61	\$71	\$70	\$70	\$70	\$70	\$70	\$350
IV-B Child Welfare Services		267	304	301	308	318	328	338	\$1,592
IV-B Research and Demonstration		5	6	6	6	7	7	7	\$34
IV-B Training		4	4	4	5	5	5	5	\$24
CAPTA Commun. Family Resource Program		7	10	29	31	33	34	35	\$162
CAPTA State Grants		17	22	23	23	24	25	26	\$120
CAPTA Discretionary		12	16	15	15	16	17	17	\$81
Family Violence Prevention and Services		24	28	32	34	35	36	37	\$173
Social Services Research		10	15	15	15	16	16	17	\$79
Abandoned Infants		12	15	14	14	15	16	16	\$76
Adoption Opportunities		10	12	13	13	14	14	15	\$69
Family Support Centers		3	10	7	8	9	9	9	\$43
Family Unification Program (HUD) /3		77	76	78	81	83	86	88	\$416
Missing and Exploited Children (DoJ) /3		7	7	7	7	7	8	8	\$37
Children's Advocacy Centers (DoJ) /3		2	3	3	3	3	3	3	\$16
Prosecution of Child Abuse (DoJ) /3		1	2	2	2	2	2	2	\$8
TOTAL CHILD WELFARE		\$3,489	\$4,192	\$4,749	\$5,107	\$5,544	\$6,006	\$6,498	\$27,905
House Republican Block Grant Level /3				\$4,444	\$4,709	\$5,021	\$5,281	\$5,585	\$25,040
Difference				(\$305)	(\$398)	(\$523)	(\$725)	(\$913)	(\$2,865)
Percent lost				-6%	-8%	-9%	-12%	-14%	-10%

FY 1994 figures are actual outlays. All other Figures are based on Administration baseline projections.

/1 This program is currently an entitlement.

/2 This program is currently a capped entitlement.

/3 Assumes all funds outlay in the year they are appropriated.

Title I - Child Care Block Grant - Goodling

- ▶ **Block Granting of Child Care Programs:** Eliminates three entitlements from Title IV-A of the Social Security Act that have provided child care assistance to low income working families, welfare families preparing for work, and families making the transition from welfare to work. It also repeals four smaller discretionary child care programs, and consolidates federal child care assistance for low income families into a revised Child Care and Development Block Grant (CCDBG).
- ▶ **Funding:** The block grant would be a discretionary program, authorized at \$1.943 billion for FY 96 through FY 2000. If funds were appropriated at this level each year, federal spending for these child care services would be reduced by 20 percent over the next five years.
- ▶ **State Allotments:** The funds would be allocated to the states on the basis of the funds received in FY 94 under the CCDBG and IV-A programs. States would not be required to match federal funds, maintain current state child care expenditures, or provide assurance that state and local funds would not be supplanted.
- ▶ **Use of Funds:** Provides states with broad flexibility to use funds for child care services, activities to improve the quality or availability of the services, and other activities. Maintains current CCDBG provisions concerning parental choice of providers, parental access to care, and parental compliant procedures. Twenty percent of the funds may be transferred for use under the new Temporary Family Assistance Block Grant, the Child Protective Block Grant, the Family Nutrition or School Based Nutrition Block Grants, or the Social Services Block Grant. State administrative costs would be capped at 5 percent per year.
- ▶ **Quality Improvements:** Removes from the CCDBG the current set aside of funds for activities to improve the quality of child care, including resource and referral programs, grants or loans to assist in meeting state or local standards, training, monitoring, and compensation of child care providers.
- ▶ **Early Childhood/Before and After School Care:** Removes from the CCDBG the current set aside of funds for early childhood development, or before-and after-school programs.
- ▶ **Health and Safety:** Includes a single requirement that child care providers comply with applicable state and local health, safety, licensing or registration requirements, but eliminates most of the health and safety requirements currently in the CCDBG, including the assurance that states set their own standards for the prevention and control of infectious diseases, building and physical premises safety, and provider training. It also repeals state assurance of provider compliance, and state review of licensing and regulatory requirements.
- ▶ **Reports and Audits:** Replaces current CCDBG reporting requirements with extensive new data and reports concerning children and families (number of single parents and two parent families, age of mother and father, source of family income, number of parental complaints found to have merit, etc). Deletes report by Secretary of HHS concerning recommendations to improve access to quality and affordable child care.

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TABLE 2

ESTIMATED REDUCTION IN FEDERAL SPENDING FOR CHILD CARE FROM PROPOSED CHILD CARE BLOCK GRANT
(Numbers in millions)

ESTIMATED REDUCTION IN FEDERAL SPENDING UNDER CHILD CARE BLOCK GRANT USING HHS BUDGET AUTHORITY BASELINE FIGURES	1996	1997	1998	1999	2000	5 Year Total
AFDC/JOBS	734	784	829	869	911	4,127
TCC	220	234	248	260	272	1,234
At-Risk	300	300	300	300	300	1,500
CCDBG	962	993	1,023	1,055	1,088	5,121
Child Devment Associate Scholarships	1	1	1	2	2	7
Dependent Care Planning and Devment Grants	13	14	14	14	15	70
Native Hawaiian Family Centers (CBO est.)	5	5	6	6	6	28
SUBTOTAL HHS BASELINES	2,235	2,331	2,421	2,506	2,594	12,087
CHILD CARE BLOCK GRANT	1,943	1,943	1,943	1,943	1,943	9,715
REDUCED SPENDING FOR CHILD CARE	-292	-388	-478	-563	-651	-2,372
PERCENT REDUCTION IN SPENDING	-13%	-17%	-20%	-22%	-25%	-20%

Notes:

1. This Child Care Block Grant freezes funding at the FY1994 levels estimated in CBO's baseline.
2. The numbers above are HHS estimates based on baseline figures from the FY1996 current services budget except for the Native Hawaiian Family Centers estimate which is from the CBO baseline.
3. CBO estimates were based on January 1995 CBO Baseline figures. They estimate five year savings of \$1.7b or a 15 percent reduction in spending. These differ from HHS estimates due to baseline differences.
4. Savings projected by the EEO committee are based on CBO baseline figures.

TABLE 3

REDUCED FEDERAL CHILD CARE ASSISTANCE FOR STATES AND CHILDREN IN FY2000

	LOSS IN FEDERAL CHILD CARE ASSISTANCE FROM BLOCK GRANT (in millions)	REDUCTION IN CHILDREN RECEIVING FEDERAL CHILD CARE ASSISTANCE
ALABAMA	\$12.0	7,400
ALASKA	\$1.6	990
ARIZONA	\$10.9	6,720
ARKANSAS	\$4.9	3,020
CALIFORNIA	\$57.1	35,230
COLORADO	\$6.7	4,130
CONNECTICUT	\$7.4	4,570
DELAWARE	\$2.0	1,230
DISTRICT OF COLUMBIA	\$1.9	1,170
FLORIDA	\$27.4	16,900
GEORGIA	\$22.6	13,940
HAWAII	\$2.1	1,300
IDAHO	\$2.5	1,540
ILLINOIS	\$23.5	14,500
INDIANA	\$13.1	8,080
IOWA	\$5.1	3,150
KANSAS	\$6.8	4,190
KENTUCKY	\$11.3	6,970
LOUISIANA	\$12.1	7,460
MAINE	\$2.1	1,300
MARYLAND	\$11.8	7,280
MASSACHUSETTS	\$17.3	10,670
MICHIGAN	\$16.1	9,930
MINNESOTA	\$11.8	7,280
MISSISSIPPI	\$7.0	4,320
MISSOURI	\$12.8	7,900
MONTANA	\$2.1	1,300
NEBRASKA	\$5.4	3,330
NEVADA	\$2.0	1,230
NEW HAMPSHIRE	\$2.2	1,360
NEW JERSEY	\$11.2	6,910
NEW MEXICO	\$5.7	3,520
NEW YORK	\$39.3	24,240
NORTH CAROLINA	\$29.4	18,140
NORTH DAKOTA	\$1.6	990
OHIO	\$30.7	18,940
OKLAHOMA	\$12.0	7,400
OREGON	\$9.4	5,800
PENNSYLVANIA	\$25.7	15,850
PUERTO RICO	\$8.2	5,060
RHODE ISLAND	\$2.9	1,790
SOUTH CAROLINA	\$8.4	5,180
SOUTH DAKOTA	\$1.6	990
TENNESSEE	\$17.8	10,980
TEXAS	\$47.2	29,120
UTAH	\$7.2	4,440
VERMONT	\$1.8	1,110
VIRGINIA	\$12.0	7,400
WASHINGTON	\$17.4	10,730
WEST VIRGINIA	\$4.8	2,960
WISCONSIN	\$10.8	6,660
WYOMING	\$1.5	930
TRIBES	\$19.5	12,030
TERRITORIES	\$3.3	2,040
ALL STATES	\$651.0	401,600
Percent Reduction	25.1%	

Notes:

1. The block grant amount is set at FY1994 CBO Baseline levels.
2. Funds are allocated according to HHS figures on FY1994 expenditures and allocations.
3. FY2000 figures are FY1994 allocations and expenditures adjusted by the national growth rate figures.
4. Children served was determined by dividing total federal allocations and expenditures by an average federal expenditure figure of \$1621. This is not a full-time equivalent.
5. Numbers may not exactly equal national figures due to rounding.

REDUCED FEDERAL CHILD CARE ASSISTANCE FOR STATES AND CHILDREN IN FY 2000

This table shows FY 2000 losses in funding and in numbers of children receiving federal assistance under the new child care block grant.

FUNDING LOSS

The funding loss is the difference between the FY 2000 block grant distribution and the expected FY 2000 funding level under current law. FY 2000 funds are distributed according to the proportion of federal child care funds received in FY 1994, as is proposed in the draft EEO bill.

REDUCTION IN CHILDREN RECEIVING FEDERAL CHILD CARE ASSISTANCE

The reduction in children is derived from the State's funding loss and the national average child care funding per child. Average funding per child was calculated by dividing the total federal child care funding in FY 1993 by the total number of children served through federal child care programs in that year. This number is not a full-time equivalent cost. It does not contain state or parent contributions to the cost of care. The FY 1993 funding per child was inflated to FY 2000 according to the HHS baseline.

**USDA's Analysis of the
Food Stamp Simplification and Reform Act of 1995
March 6, 1995**

The proposed Food Stamp Simplification and Reform Act of 1995 will jeopardize the national nutrition safety net for children and families. It would make far-reaching changes to the foundation of the Nation's endeavor to get food to people who need it. The bill would take billions in nutrition benefits from people who need them, render the Food Stamp Program unrecognizable, and make program administration unmanageable. It would result in the unraveling of the national nutrition framework that has successfully narrowed the gap between the diets of low-income and other families.

The bill will eliminate the national nutritional safety net. It will make deep reductions in nutrition benefits immediately, allow nutrition support to erode over time, and place a hard cap on future program expenditures, raising the specter of even further reductions.

- o Overall funding for the Food Stamp Program would be \$3 billion less than needed under current law in 1996 and at least \$16 billion less over five years.¹ More than 2 million participants would lose all benefits in 1996 and virtually everyone else would receive fewer food stamp benefits immediately; within three years, everyone, including 14 million children, would receive less.
- o Food stamp benefits are now linked to the Thrifty Food Plan, the least costly of USDA's food plans. This ensures that low-income families and individuals have the resources needed to purchase an adequate and nutritious diet. By freezing virtually all cost-of-living adjustments, the bill will allow benefits to fall behind rising food prices. As currently drafted, the bill shatters the critical link to basic nutrition standards, reducing basic benefits to only 90 percent of the amount needed to sustain an active, healthy life by the year 2000.
- o The bill places a hard cap on future program expenditures. If the need for nutrition support rises to the cap in future years, the bill requires USDA to reduce benefits across the board.
- o The gap between the diets of low-income and all other families narrowed after expansion of the Food Stamp Program and introduction of WIC. Reductions of the size proposed in this bill jeopardize 30 years of health and nutrition accomplishments.

¹ The House Committee on Agriculture will apparently seek \$16 billion in savings over five years. Initial analysis of draft bill language as of March 2 suggests that the bill will achieve much greater savings, ranging from about \$20 billion to \$30 billion over five years depending on the extent to which cost-of-living adjustments to maximum benefits are curtailed.

The bill will eliminate national eligibility and benefit standards. The elements of a healthy, nutritious diet do not vary across the country. National standards protect low-income families and their children, no matter where they live.

- o National standards work. Yet, the bill will give each of the 50 States the option to eliminate those standards for single mothers with children immediately and for all participants eventually. There could be 50 vastly different State programs using 50 different eligibility standards and offering 50 different nutrition benefits. In fact, each State could even set up different standards for different counties. These changes may reverse the program's effectiveness in assuring low-income families access to the resources they need to meet their basic nutritional needs.
- o Where States have this flexibility now, we have seen enormous variability. A single parent with two children can qualify for \$120 a month in AFDC if she lives in Mississippi but \$680 if she lives in Connecticut. The uniform national standards of the Food Stamp Program help smooth out these inequities among States.
- o The proposed "simplification" may actually complicate program administration. Workers may need to understand one set of rules for pure AFDC households, another set for households in which some receive AFDC and others do not, and yet another for households in which no one receives AFDC. In any given month, about 40 percent of all food stamp households receive AFDC; fully one in five of these are mixed cases. Moreover, households are dynamic — their members, incomes and program participation all change over time.

The bill will eliminate the economic responsiveness of the Food Stamp Program. Historically, the Food Stamp Program has automatically expanded to meet increased need when the economy is in recession and contracted when the economy is growing. Food stamp benefits automatically flow to communities, States or regions that face rising unemployment or poverty. The effect is to cushion some of the harsher effects of economic recession and provide a stimulus to weakening economies.

- o Between 1990 and 1994, the number of food stamp participants increased by more than one-third. The Food Stamp Program expanded automatically to meet this need.
- o By placing a hard cap on program expenditures in future years and creating an optional block grant, the bill eliminates this responsiveness to economic or demographic changes. While the number of people eligible for and in need of assistance will grow as the economy weakens, unemployment rises, or poverty increases, federal funding for food assistance would no longer automatically increase in response to greater need. Nutrition benefits could be reduced at precisely the time when the economy is weakest, States are least able to step in with their own resources, and participants are most in need.

- o In times of economic recession, every \$1 billion in additional food stamp spending generates about 25,000 jobs.
- o The proposed cap will severely challenge the capacity of both federal and State governments to manage the program without causing serious hardship to those who rely on program benefits to get through tough times. The variation in possible State program designs will complicate the already difficult task of projecting program costs into the future. The normal lag in State reports on program costs, coupled with the need to give States enough advance notice to allow time to adjust benefits, means that critical decisions will have to be made relatively early each year with only partial and uncertain information.

The bill is weak on fraud. The Food Stamp Program faces a serious threat. Its remarkable success is eclipsed by a growing perception of a program in crisis. We need to change that perception through swift, effective steps to end the diversion of food stamps for personal profit.

- o The Administration has proposed a legislative package that will give USDA the authority and necessary tools to rein in program abuse. This bill is not as tough on criminals who defraud the Food Stamp Program as the Administration's proposal.
- o The Administration's strategy focuses on preventing fraud by ensuring that only legitimate stores participate and by strengthening penalties against retailers and recipients who violate program rules. Specifically, the Administration seeks to:
 - suspend violating retailers from the program while their cases are pending review, eliminating the ability of stores to continue to abuse the program during the appeals process.
 - expand forfeiture authority to allow the seizure of any property used in or derived from illegal food stamp transactions
 - allow USDA to determine the length of time a store found to have business integrity problems (such as convictions for embezzlement, insurance fraud, etc.,) would be barred from the program.
 - increase USDA access to a wide variety of documents to verify the legitimacy of retail food stores
 - expand authority to use retailer-provided information when cooperating with law enforcement authorities
 - permit USDA to permanently disqualify retailers who intentionally submit falsified applications

- require States to participate in mandatory tax and salary offset programs to collect outstanding claims.

The bill will reduce food spending and harm the food industry and farm economy.

- o The bill would ultimately mean that low-income families will have less to spend on food. A \$16 billion reduction in federal support could lower retail food sales by as much as \$3 billion to \$7 billion over the next five years.
- o As food spending declines, the loss in sales would affect earnings of food manufacturing and distribution firms. Agricultural producers would suffer decreases in gross farm income as farm prices and food sales decline.

The bill undermines a national, uniform EBT system. The Administration strongly believes that it is time to create a benefit delivery system that works better and costs less. Under the Vice-President's leadership, we are already moving to make EBT nationwide in the fullest sense -- one card, user friendly, with unified delivery of government-funded benefits. This bill would allow every State to pursue their own independent path to EBT.

- o Food retailers, financial institutions, and client advocates agree that a national, uniform EBT system provides better service, reduces security risks, and increases cost-effectiveness more than independent State systems. National uniformity eliminates the need to repeat sizable investments in system development as each State implements EBT. Standard rules maximize the opportunity to piggyback on the commercial ATM and POS infrastructure.
- o Program security can be compromised if each State is allowed to develop its own system. System security is not free. If national security standards are not established and enforced, States will face the difficult choice between reducing costs and jeopardizing program security. We want to ensure more program integrity, not less.
- o Common rules and procedures for EBT systems will allow participants to purchase food in their home States, neighboring States, or any State. Without uniform rules, inter-State benefit redemption will be difficult at best, making it likely that participants would lose their ability to redeem food stamp benefits anywhere in the country.
- o A block grant for the Food Stamp Program is not needed to move EBT along -- it is already happening. A coalition of 7 Southern States, sharing the vision of streamlined, cost-effective EBT, is working in partnership with the Federal EBT Task Force and federal agencies to implement a joint EBT system by 1996. Nine States are already operating EBT systems for the Food Stamp Program; 30 other States are currently planning or in the process of implementing EBT.

The bill proposes an unworkable work program.

- o By denying benefits to any single adult or childless couple who does not work or participate in a workfare program -- without requiring that States provide jobs, training, or workfare slots -- this bill holds nutrition benefits hostage to jobs that may not exist.
- o This provision will take all nutrition benefits away from 1.2 million participants within 3 months of implementation unless:
 - States manage to create an equal number of workfare slots (an extremely unlikely possibility given an annual cost of about \$2,700 per slot, more than \$3 billion overall);
 - unemployment rates exceed 10 percent (an exemption that will apply to a relatively few places -- in the depth of the serious recession in 1982, when the national unemployment rate reached 9.7 percent, the highest rate seen in 50 years, only about one-third of all major urban areas would have qualified for this exemption); or
 - the Secretary determines that sufficient jobs are not available.

The bill is unfairly tough on legal immigrants.

- o Illegal aliens should not receive food stamps, and, under current law, they do not.
- o The blanket prohibition of all benefits to legal immigrants who are not yet citizens is too broad and would shift substantial burdens to State and local taxpayers. These legal immigrants are required to pay taxes. Many serve in the armed forces and contribute to their communities.
- o The Administration strongly favors a more focused approach of holding sponsors more accountable for those they bring into this country.

The bill will consolidate several of USDA's commodity programs. The bill would combine several Food Distribution Programs into one Consolidated Grant, including the Commodity Supplemental Food Program, The Emergency Food Assistance Program, the Food Banks/Soup Kitchens Program and the Commodity Program for Charitable Institutions and summer camps. The funding section would, however, prohibit the Department from using the appropriated amount for initial processing and packaging of commodities, or for distribution of commodities to States. While the Secretary may use Commodity Credit Corporation or Section 32 funds for these purposes, it is not possible to know whether such funds would actually be available. If funds were not available, it would place the Secretary in the position of purchasing commodities for emergency feeding programs, but without funds to process the food into customer-friendly sizes or to be able to pay for food delivery to the States.

**Preliminary Estimates of the Effects of the
Food Stamp Simplification and Reform Act of 1995
(Dollars in millions)**

Section	Proposal	1996	1997	1998	1999	2000	5-Year Total
541	State option to operate a simplified Food Stamp Program in all or part of the State for families receiving benefits under the temporary assistance for Needy Families Block Grant	N/A	N/A	N/A	N/A	N/A	
542	Authority given to States to use the same rules for AFDC and food stamp eligibility and benefit calculations	N/A	N/A	N/A	N/A	N/A	
	An AFDC penalty for noncompliance with work requirements cannot result in an increase in food stamp benefits	-5	-5	-5	-5	-5	-25
543	Conforming amendment	0	0	0	0	0	0
551	Eliminate cost-of-living adjustments to the Thrifty Food Plan after 1996	0	-955	-1,985	-3,100	-4,215	-10,255
552	Freeze the standard deduction and shelter deduction after 1995						
	-- standard	-130	-230	-360	-490	-625	-1,835
	-- shelter	-85	-410	-590	-655	-735	-2,475
	-- homeless shelter expense	a	a	a	a	a	0
	Count energy assistance paid under AFDC or GA as income	-220	-220	-220	-220	-220	-1,100
	Do not count expenses paid by LIHEAP when calculating the excess shelter expense deduction	-35	-40	-40	-40	-40	-195
553	Freeze the Fair Market Value vehicle limit at \$4,550	-5	-55	-75	-100	-120	-355
	Count the value of vehicles used to transport fuel and water	a	a	a	a	a	

Section	Proposal	1996	1997	1998	1999	2000	5-Year Total
554	Legal aliens will be ineligible for food stamp participation until they apply for naturalization (after the 5 year residency requirement)	0	-870	-905	-945	-985	-3,705
555	Mandatory job search at application (at State option)	N/A	N/A	N/A	N/A	N/A	
	Able-bodied adults between the ages of 18 and 50 with no dependents will be ineligible for food stamp benefits beyond three months UNLESS they work for 20 hours a week, or participate in a workfare or job training program for 20 hours a week ²	-1,630	-1,710	-1,785	-1,860	-1,935	-8,920
556	Persons disqualified from AFDC made ineligible for food stamps	-5	-10	-10	-10	-10	-45
557	Encourages States to implement EBT under terms and conditions they deem appropriate and eliminates Secretary's approval authority	N/A	N/A	N/A	N/A	N/A	
	Allows States with Statewide EBT systems to accept block grants for food stamps set at the higher of 1994 or average 1992-94 costs						
558	Repeals the provision indexing the \$10 minimum allotment	0	0	-35	-35	-35	-105
559	Reinstates proration of benefits at recertification	-25	-30	-30	-30	-30	-145
560	Repeals the 1993 QC reforms, except that waived sanctions will not be reimposed ³	0	0	-270	-275	-290	-835
561	Permit States to use food stamp benefits as a wage subsidy	a	a	a	a	a	0
562	Criminal forfeiture provided as an additional penalty for retail fraud; proceeds used to help cover the admin. costs of DoJ, expenses of the USDA OIG, and FCS compliance activities	a	a	a	a	a	0

Section	Proposal	1996	1997	1998	1999	2000	5-Year Total
563	A cap equal to the 1995 appropriation level will be imposed on the food stamp authorization levels and the current requirement that a pro-rata reduction be imposed on benefits if funding is likely to run out before the end of the fiscal year will be retained	N/A	N/A	N/A	N/A	N/A	
	TOTAL	-2,140	-4,535	-6,310	-7,765	-9,245	-29,995

¹ We are interpreting this provision to be conforming FSP penalties for non-compliance with work requirements to those of the JOBS program.

² These savings assume States are not obligated to provide workfare slots for the able-bodied recipients who remain on the FSP more than 3 months and that they choose not to offer these slots because the cost of providing the estimated 1.2 million slots needed would exceed \$3 billion per year.

³ These savings assume that the QC provisions in effect in 1988 will be operative beginning with fiscal year 1995. They also assume that liabilities are not reinvested in corrective action. They further assume that collections are made 3 years after the liability is incurred.

a Minimal savings anticipated

Estimates based on 3/2/95 draft language.

INDIVIDUAL RESPONSIBILITY ACT OF 1995 -- SUMMARY

Outline of Bill

Title I:	Time Limited Transitional Assistance
Title II:	Make Work Pay
Title III:	The Work First Program
Title IV:	Family Responsibility and Improved Child Support Enforcement
Title V:	Teen Pregnancy and Family Stability
Title VI:	Increased State Flexibility
Title VII:	Financing
Title VIII:	SSI Reforms

Title I: Time Limited Transitional Assistance

- Individuals would be required to participate in the Work First program for up to two years; the clock begins when the agreement of mutual responsibility is signed. Months where the individual works for an average of 30 hours per week in a private sector job would not be counted. Otherwise, the clock would run regardless of whether the individual was actually participating in an activity or whether an appropriate activity was provided. Extensions in the Work First program would be provided on a limited basis. The number of extensions allowed is limited to 10 percent of the number of Work First and Community Service participants in the preceding year. With approval by the Secretary, this could be increased to 15 percent. The time period and number of times a person can re-enter would be negotiated by the individual and the agency.
- At state option, individuals can be required to participate in the Community Service Program for up to two years. Individuals must participate in the Work First program first, although at state option, Work First participants could enroll in the Community Service program prior to the two year limit. The clock would run regardless of whether the individual actually participated in a work assignment or whether one was provided by the state. Extensions in the Community Service program would be provided on a limited basis. The policies for extensions, including the number allowed, are the same as in the Work First program.
- *Together, two years of participation in Work First and two years in the Community Service program result in a four-year time limit on AFDC for most adult recipients and their children.* (Originally, the bill drafters planned to cut only the adult off aid when the time limited was reached -- but now this is being left to the "committee members.") There is some "flux" in this time limit, contingent upon when the mutual responsibility agreement was signed, the number of months the individual worked 30 hours per week, and whether an extension in Work First or the Community Service program was granted. However, because the Community Service program is a state option, this effectively gives states the option to terminate benefits after two years.

Title II: Make Work Pay

The Individual Responsibility Act includes several provisions that are aimed at encouraging work. Specific provisions in this section include the following:

INDIVIDUAL RESPONSIBILITY ACT OF 1995 -- SUMMARY

Outline of Bill

Title I:	Time Limited Transitional Assistance
Title II:	Make Work Pay
Title III:	The Work First Program
Title IV:	Family Responsibility and Improved Child Support Enforcement
Title V:	Teen Pregnancy and Family Stability
Title VI:	Increased State Flexibility
Title VII:	Financing
Title VIII:	SSI Reforms

Title I: Time Limited Transitional Assistance

- Individuals would be required to participate in the Work First program for up to two years; the clock begins when the agreement of mutual responsibility is signed. Months where the individual works for an average of 30 hours per week in a private sector job would not be counted. Otherwise, the clock would run regardless of whether the individual was actually participating in an activity or whether an appropriate activity was provided. Extensions in the Work First program would be provided on a limited basis. The number of extensions allowed is limited to 10 percent of the number of Work First and Community Service participants in the preceding year. With approval by the Secretary, this could be increased to 15 percent. The time period and number of times a person can re-enter would be negotiated by the individual and the agency.
- At state option, individuals can be required to participate in the Community Service Program for up to two years. Individuals must participate in the Work First program first, although at state option, Work First participants could enroll in the Community Service program prior to the two year limit. The clock would run regardless of whether the individual actually participated in a work assignment or whether one was provided by the state. Extensions in the Community Service program would be provided on a limited basis. The policies for extensions, including the number allowed, are the same as in the Work First program.
- *Together, two years of participation in Work First and two years in the Community Service program result in a four-year time limit on AFDC for most adult recipients and their children.* (Originally, the bill drafters planned to cut only the adult off aid when the time limited was reached -- but now this is being left to the "committee members.") There is some "flux" in this time limit, contingent upon when the mutual responsibility agreement was signed, the number of months the individual worked 30 hours per week, and whether an extension in Work First or the Community Service program was granted. However, because the Community Service program is a state option, this effectively gives states the option to terminate benefits after two years.

Title II: Make Work Pay

The Individual Responsibility Act includes several provisions that are aimed at encouraging work. Specific provisions in this section include the following:

INDIVIDUAL RESPONSIBILITY ACT -- SUMMARY

- States may, at their option, provide transitional Medicaid benefits for an additional 6 or 12 months.
- AFDC, food stamp and Medicaid recipients must be notified about EITC at application and upon termination from the programs.
- IRS is to add a notice about the availability of EITC and the Dependent Care Tax Credits on W-4 withholding forms.
- The Dependent Tax Care Credit is phased out for AGIs between \$70,000 and \$90,000 and the credit is refundable for lower income households.
- States may increase earned income disregards, but amounts disregarded must be between \$120 - \$225 and up to one-third of the remainder.
- States would have the option to establish a welfare diversion program in some or all of the state. Upon recommendation of a caseworker, participating families would receive a one-time, three-month payment in lieu of monthly AFDC payments. This is designed to avoid the need for longer dependency on aid.
- Other provisions under this title would increase the AFDC resource limit to \$2,000 and increase the automobile value limit in the AFDC program to the limit established in the Food Stamp program. The bill would also disregard from resources up to \$8,000 set aside in a qualified asset account. These funds could be used for education, home purchase, and the establishment or operation of a microenterprise.

Child Care Provisions:

This title of the bill would repeal IV-A, transitional, At-Risk and CCDBG child care, and consolidate federal funding for child care into a single program under title XX. In their state plans, states must give priority to low-income families and families living in low-income areas. Up to 7 percent of the funds can be used for administration. Providers must meet applicable State and local standards. State allotments are made on the basis of the state's proportion of all children nationally under age 13. Total funding is \$1.15 billion in FY97 and \$1.2 billion for each of FY98 through FY00. These funding levels represent an increase of roughly \$100 million per year over current funding.

States would be required to guarantee child care assistance to participants in the work program. States would also be required to guarantee transitional child care for the families who need it for employment. The federal match for providing assistance to these two populations is 70 percent or FMAP plus 10 percentage points, whichever is higher.

Unspent state child care allotments would be returned to HHS to be re-distributed to states for activities to expand parental choice and expand and improve services. Included are services to special populations, recruitment and training, grant and loans, information and referral, insurance pools, health and safety programs, and certificate programs.

INDIVIDUAL RESPONSIBILITY ACT -- SUMMARY

HHS would provide technical assistance and ensure state compliance with the plans. In the event of non-compliance, HHS would terminate payments under the block grant until corrective action takes place. Other appropriate sanctions including recoupment of funds are permitted.

Title III: The Work First Program

The bill provides a "federal model" for the Work First program, which is expected to be a transitional model until states develop their own programs. Within five years, states are to adopt the federal model or to develop a state model using the guidelines provided. Child care is guaranteed in the Work First program. The federal model requires:

- An agreement of mutual responsibility must be developed within 30 days (90 days at state option).
- Participation in job search activities is required as a condition of eligibility for AFDC. This means that job search activities must begin as soon as recipient is determined eligible for aid.
- Participation in activities is required for 30 hours per week.
- A range of activities is allowed, including education and training. The Work First model must include one of the following: a "revamped" JOBS program (based on Riverside), use of placement firms, temporary subsidized job creation, microenterprise, or work supplementation. At state option, substance abuse treatment is an allowable activity.
- The welfare grant is reduced by 25 percent of the full AFDC grant amount for any month not in compliance with the mutual responsibility agreement. The same sanction applies for those who refuse to accept an offer of employment.

The state guidelines are the same as the federal model except: there is no requirement for number of hours per week individuals must participate and the sanctioning policy is left to the state (except that there must be a sanction for refusing an offer of employment). Given the flexibility provided in the state model, it is unclear why states would use the federal model.

Community Service Program

- The Community Service Program is optional for states. In order to operate a Community Service Program, the state must operate a Work First program.
- Individuals are required to work 30 hours per week in a community service job provided by the state. In addition, they are required to complete 5 hours of job search per week, bringing the total requirement to 35 hours per week. If an individual is working part-time in an unsubsidized job, they are required to take a part-time community service job. A state may apply for a waiver of the 30-hour per week work requirement if it is too financially burdensome. However, the state must ensure that individuals work part-time and that the state can meet the requirement by 2001.

INDIVIDUAL RESPONSIBILITY ACT -- SUMMARY

- Individuals are paid at a rate that does not exceed 75 percent of the maximum AFDC grant amount to a family of that size and composition with no income. Wages are not considered income for the purposes of EITC.
- Sanctioning policy is left to the discretion of the state.
- An individual may not participate in more than 3 community service positions.
- It is intended that child care would be guaranteed in the Community Service program (the legislative language does not currently say this, apparently it is a drafting error).

Performance Measures

- The state must meet a participation rate which counts participants in both the Work First and Community Service Program. The participation rate starts at 16 percent in 1997 and increases to 52 percent in 2003. The denominator for the rate is all adult recipients; the rate is an average monthly rate.
- There are no fiscal penalties for not meeting the participation rate. After failing to meet the participation rate for the first time, the Secretary could make recommendations on how to improve the program and the state would have the *option* to follow these recommendations. After failing to meet the participation rate for two consecutive years, the Secretary could *require* the state to follow the recommendations.
- The Secretary would develop standards to measure the effectiveness of programs in moving recipients into the private sector.

Title IV: Family Responsibility and Improved Child Support Enforcement

The bill would have four distinct sections aimed at improving paternity establishment and child support enforcement. These sections would:

- Require states to maintain registries of child support orders;
- Create a National Child Support Guidelines Commission to oversee the child support process;
- Establish hospital-based paternity;
- Require all new AFDC applicants to provide detailed information about an absent parent or risk being denied or losing benefits;
- Enhance collection of child support payments by encouraging direct income withholding, allowing states to revoke professional, recreational and driver's licenses, imposing liens against certain windfall income, and requiring non-compliant non-custodial parents to enter a work program.

INDIVIDUAL RESPONSIBILITY ACT -- SUMMARY

Title V: Teen Pregnancy and Family Stability

The bill includes several measures aimed at deterring pregnancy by limiting or denying program eligibility and benefits. The bill includes the following provisions:

- State option to implement a family cap;
- Require minor mothers to live with a responsible adult;
- Allow states to deny AFDC benefits to mothers under the age of 18 (this provision would not be effective until January 1, 1998);
- Prohibit the receipt of housing assistance if the head of the household had a child out of wedlock before the age of 18 (with some exceptions). The prohibition of housing assistance would continue even after the head of household was no longer a teen;
- Require the Secretary of HHS to establish a task force on reducing teenage pregnancy; and
- Require teen parents to remain enrolled in school or have AFDC benefits reduced.

The bill also gives states flexibility to remove marriage disincentives that exist in the AFDC program. The bill would give states the option to eliminate the 100-hour rule (that rule denies eligibility to two-parent families when the primary wage earner works more than 100 hours in a month), and give states the option to eliminate the current rule that allows eligibility only for two parent families who have had recent labor force attachment.

On the other hand, the bill allows states to provide benefits to two-parent families for a duration less than minimum six out of twelve months that is specified in current law. This provision essentially may essentially allow states to eliminate benefits to two parent families.

Title VI: Program Simplification

The bill includes many provisions that alter rules in the AFDC and Food Stamp programs that govern program administration and the treatment of income and resources of applicants and recipients. Two provisions are of note:

- The Secretary of HHS would be required to approve or deny applications of waivers within 90 days of receipt, unless the applicant agrees to an extension of that deadline. Summary information provided by the drafters of the bill indicates that the bill would eliminate the waiver process. However, no such provision is apparent in the bill language.
- Any future changes in Federal statute that alter the treatment of income in either the AFDC or Food Stamp Program would also be applicable to the other program. The intent of this provision appears to be to enhance program conformity over time.

Title VII: Financing

The Individual Responsibility Act is financed by cuts within the welfare system. There are several financing provisions in the bill, the largest of which reduces expenditures by terminating benefits for non-citizens.

Provisions Affecting Non-Citizens

The bill would eliminate SSI, Medicaid (except for emergency medical assistance), Food Stamp, and AFDC program eligibility for all non-citizens. Current non-citizen recipients would be allowed a one-year grace period before their benefits would be terminated. Other non-citizens that would be exempt from the eligibility prohibition would be: veterans and active duty military personnel, and their families; refugees and asylees for 6 years after their arrival; and legal permanent residents age 75 and over with 5 years residence. The bill provides that sponsors would be liable for reimbursement to any state or local income-based cash public assistance program that provided benefits to any aliens they have sponsored. It would also allow state and local governments to deny income-based cash public assistance to non-citizens to the extent that such state or local restrictions were consistent with the eligibility requirements under comparable Federal programs. State and local governments would be allowed to verify the citizenship or alien status of any individual for purposes of determining eligibility for income-based cash public assistance.

Other Financing Provisions

Other financing provisions in the Individual Responsibility Act include the following provisions:

- Include AFDC, Food Stamps and Section 8 housing benefits in taxable income;
- Require that a person who claims a child as a dependent for purposes of AFDC eligibility and benefits may be the only person who claims that child for purposes of EITC eligibility;
- Count energy assistance as income for the purpose of determining AFDC and Food Stamp Program eligibility and benefit levels;
- Cap the emergency assistance program. Under this provision, Emergency Assistance expenditures would be capped at three percent of a state's total AFDC benefits in the previous year. States above that level of Emergency Assistance expenditures would be grandfathered at their FY 1994 expenditure level.

Title VIII: SSI Reforms

The bill establishes a capped appropriation for benefits for children under the age of 18. The Commissioner of SSA is given discretion to reduce benefit payments for children if benefits are expected to exceed the appropriation.

STRENGTHS AND WEAKNESSES OF THE DEAL BILL

This summary reflects the bill received on February 16, 1995.

Strengths

- Maintains the entitlement status of AFDC and transitional and IV-A JOBS child care programs. (Note: The legislative language currently does not guarantee child care in the Community Service Program. Apparently, this is a drafting error.)
- Requires a strong emphasis on work. States are required to operate a Work First program which provides a range of services to help recipients find employment, including education and training. After two years of Work First, states have the option of providing up to two years employment in subsidized and public service jobs through the Community Service Program. States would be required to meet stringent participation standards, starting at 16 percent of the entire caseload in 1997 and increasing to 52 percent in 2003.
- Contains several provisions to make work pay. It extends Transitional Medical Assistance from one to two years, includes outreach efforts to increase the use of EITC, increases the AFDC income disregards, and increases of the asset limitation.
- Emphasizes state flexibility. The design of the Work First program and the existence of the Community Service program are left to the states. A two-year time limit and family cap are state options. The bill provides substantial state flexibility on the treatment of income, including earnings disregards and fill the gap budgeting.
- Focuses on teens. Teens are required to live at home. Incentives are provided to keep teens in school (grant is reduced 25 percent for any month the individual is not enrolled in school).
- Reduces complexity in the welfare system by conforming rules in the AFDC and Food Stamp programs. The AFDC resource limit is raised to the Food Stamp limit for non-elderly households, and the AFDC automobile limit and valuation method is changed to mirror that in the Food Stamp Program. Further, future changes in the treatment of income in either program must be accompanied by a conforming change in the other program.
- Provides for modest increases in funding for working poor child care block grant. Maintains funding for quality and supply-building in the Child Care and Development Block Grant.
- Provides \$6 billion over 4 years to states that would be affected adversely by denying assistance to legal immigrants.
- Contains most of the major child support provisions in the Work and Responsibility Act, although often with some modifications. Included are W-4 reporting, state and federal registries of orders and cases, enhanced parent locator activities, payment of pre- and post-AFDC arrears to former AFDC families, and mandated enforcement techniques such as liens and license revocation.

Weaknesses

- A four-year time limit on benefits is established for most recipients *and their children*. States may extend the time limit for a small number of recipients.
- States have the option of setting a two-year time limit on benefits.
- States have the option to deny AFDC benefits to mothers under the age of 18 starting in January 1998.
- States must opt out of the family cap provision.
- Payment for community service jobs cannot exceed 75 percent of the AFDC grant. As a result, many recipients will be working for less than minimum wage. The work requirement of 30 hours per week also would be burdensome for states.
- There are no fiscal penalties for not meeting the participation requirement. The participation standards would be difficult for states to reach in the later years, given that there are no exemptions.
- The sanctioning policy in Work First program using federal guidelines (the option most states would choose) and the Community Service program is left to the states.
- States are not allowed to impose stricter standards on child care providers who receive public funding than those imposed on providers who do not receive subsidies.
- Current federal restrictions on two-parent families could be eliminated or relaxed at state option, and states would be allowed to provide benefits to two-parent families for a duration less than that specified in regulations.
- The bill is partially financed by taxing AFDC, food stamps, and Section 8 housing. It also contains some EITC provisions which may be difficult to implement.
- AFDC, SSI, Medicaid (excluding emergency medical assistance), and food stamps are denied to non-citizens. This means about 1.5 million legal immigrants would be denied public assistance -- almost all immigrants that arrived earlier would now have their benefits taken away. About 300,000 would have no sponsors to help provide any support. Basing benefit eligibility on citizenship will lead to large backlogs at INS and long processing times related to applications for naturalization. This provision would also be likely face substantial legal challenges.
- While more information about the non-custodial parent is required, the paternity provisions appear not to include the requirement that cooperation be determined as part of the eligibility determination process for AFDC. It is the change in how cases are processed that we have maintained will produce real changes in the level of cooperation.
- Reduces options for states in regard to any child support disregards or payment options. The \$50 pass-through is eliminated and states have no options to provide for a child support disregard at any level including "fill the gap" or treating child support like earned income, or paying all child support to the family and reducing the AFDC payment. The work program and child support interactions are unclear. States may be able to keep all child support even while families are in the work program.

Medicaid for Welfare Swap

- Senator Kassebaum (R-KS) has introduced two versions of the "Welfare and Medicaid Responsibility Exchange Act of 1995", better known as "Swap" proposals. Under a Swap, the federal government would assume all or part of the Medicaid financing, and states would assume financing for AFDC, Food Stamps, and WIC.

The most recent bill, S. 140 introduced in January 1995, swapped the **full** Medicaid program for AFDC, Food Stamps and WIC.

In February 1995, Senator Kassebaum released a press release describing changes to be made in S. 140. Essentially, the difference is that only part of the Medicaid program will be assumed by the federal government.

- **Medicaid:**

Federal government assumes full responsibility for all services for elderly and disabled Medicaid beneficiaries.

States assume full responsibility for all services for adult and children Medicaid beneficiaries.

- **Welfare:**

States assume full responsibility for AFDC, Food Stamps and WIC.

THE WELFARE AND MEDICAID RESPONSIBILITY EXCHANGE ACT OF 1995
Senator Nancy Landon Kassebaum

Background Information

Within the next few weeks, Senator Nancy Landon Kassebaum (R-Kan.) intends to introduce a revised version of S. 140, the Welfare and Medicaid Responsibility Exchange Act of 1995, which she introduced on January 4 of this year.

Under the revised legislation, complete authority, autonomy, and responsibility for the country's largest welfare programs would be transferred to the states. These programs include: Aid to Families with Dependent Children (AFDC), food stamps, and supplemental nutrition programs for women, infants and children (WIC). In exchange, the federal government would assume the full costs of medical care for elderly and disabled Medicaid beneficiaries.

Our largest welfare programs today are hybrids of state and federal funding and management. The states do most of the administration, within a basic framework of federal regulation, while the federal government provides most of the money. The result is a hodgepodge of state and federal rules and regulations, conflicting eligibility and benefit standards, and constant push-and-pull between state and federal bureaucracies.

Like the largest welfare programs, responsibility for financing and administering the Medicaid program is split between regulators at both the state and federal levels. As a result, Medicaid is a cumbersome mess of overlapping regulation, irrational standards, mismanagement, and outright fraud and abuse.

Moreover, an increasing share of state revenue is diverted to the Medicaid program. Medicaid costs doubled between 1989 and 1992, and now make up nearly 20 percent of states' budgets. Despite this cost explosion, Medicaid--intended as a safety net to meet the basic health needs of the disadvantaged--today covers only half of those Americans living in poverty.

The revised Welfare and Medicaid Exchange Act of 1995 (the "Swap" bill) makes a clear-cut decision about who will run the welfare program, who will finance the program, who will have the power to make key decisions, and who will be held responsible for the outcome. Giving states both the power and the responsibility for welfare--with their own money at stake--would create powerful incentives for finding more effective ways to assist families in need.

The Swap legislation is fundamentally different from a block grant approach. Under a welfare block grant, states would continue to utilize federal money with corresponding rules and regulations. While block grants would certainly provide greater flexibility than the present system, they still involve federal dollars, complete with federal strings.

More importantly, block grants will not shift the fundamental balance of power from the federal government to states and local communities. Rather, they will leave in place the foundation that today separates responsibility for management and outcomes from the power to tax and spend. With this foundation still in place, federal rules and regulations will almost certainly creep back over time.

Finally, the welfare block grant proposals currently under discussion fail to recognize the link between welfare reform and health care reform. They do nothing to address the increasing drain on state budgets that results from the unwieldy Medicaid program.

True welfare reform will begin only if the federal government takes the bold step of surrendering power to the states, instead of simply sharing it. State and local officials are closer to the communities, closer to the people, closer to the job markets, and closer to the day-to-day realities of making welfare work.

Changes in the Swap

As originally drafted, the Welfare and Medicaid Responsibility Exchange Act transferred complete control and financial responsibility for Aid to Families with Dependent Children (AFDC), the food stamp program, and supplemental nutrition program for women, infants and children (WIC) to the states at the end of a five-year transition period. In return, the federal government assumed full financial and administrative responsibility for the Medicaid program.

Under the modified version of the Swap bill, the states still will be given complete control and responsibility for the AFDC, food stamp, and WIC programs after a five-year transition period. In addition, the states will be responsible for health care coverage for low-income individuals currently covered under the AFDC category of Medicaid.

In return, the federal government will assume responsibility for the costs of acute care and long-term care for all elderly and disabled beneficiaries currently covered under the supplemental security income (SSI) and medically needy categories of Medicaid. While elderly and disabled beneficiaries represent about 25 percent of the current Medicaid population, they account for nearly 70 percent of all costs associated with the program and represent the fastest growing portion of Medicaid costs.

Following the five-year transition period, states will have total freedom to design whatever programs they wish to meet both the health and welfare needs of their citizens--without federal mandates.

This revised Swap legislation will divide responsibility for the Medicaid program based on the populations being served rather than the type of services being offered. In contrast, a split between "acute care" and "long-term care" is driven by the type of service which is provided.

From a program policy point of view, this makes a great deal of sense. Individuals will not have to be shifted from one program to another based on the type of medical care that they need. In addition, it will allow the states and the federal government to build a more cohesive safety net for the populations each sector is serving.

As with AFDC and food stamps, many states are already experimenting with modifications such as managed care in the AFDC category of Medicaid to make it more cost effective and improve the provision of services. Seven states have received Medicaid Section 1115 demonstration waivers from the Health Care Financing

HOW THE MODIFIED SWAP WILL WORK

- o The States: Assume full costs for the AFDC, WIC, and food stamp programs, including administrative costs, plus, all costs associated with "AFDC-related" Medicaid recipients (non-elderly and non-disabled beneficiaries). This population currently represents approximately 30 percent of current Medicaid expenditures.
- o The Federal Government: Assumes financial responsibility for all costs associated with SSI-related Medicaid beneficiaries (elderly, blind, and disabled individuals). This represents the remaining 70 percent of Medicaid costs.
- o The Five-Year Transition Period: The legislation contains a five-year transition period during which the states design and put into place assistance programs that are tailor-made for their own needs, and the federal government implements a program to cover health care costs for elderly and disabled individuals who are now eligible for Medicaid.
- o Five-Year Maintenance of Effort: During the five-year transition period, states will be required to comply with a maintenance-of-effort provision which requires states to use the funds made available by the Swap, combined with money used for state welfare assistance programs, to provide cash and non-cash assistance to low-income individuals and families. This is not a requirement that the states operate replicas of the AFDC, food stamp, and WIC programs-- but rather, that these funds continue to be used exclusively to help people in poverty.
- o Changes In The Baseline During The Transition Period: The legislation permits the base amount of federal funds to be increased if there is an increase in the consumer price index. The states will also receive an increase in funds if there is a recession or other unforeseen event that would reasonably cause an increase in recipients.
- o Medicaid Income Eligibility Standards For Children Are Frozen at 1995 Levels During the Transition Period: This freeze will require states to provide coverage to children: (1) under the age of 6 in families with income up to 133 percent of poverty; and (2) between the ages of 6 and 12 with family incomes up to 100 percent of poverty. Under current law, coverage for children with incomes up to 100 percent of poverty would be extended to children under the age of 19 by the year 2002. The freeze would require coverage only of those children aged 12 and under. At their option, states may continue to cover infants under the age of one in families with income up to 185 percent of poverty. States may make any benefit package and delivery system modifications they wish during the transition period.
- o At The End of The Transition Period: States are free to design welfare programs free from federal mandates. They are also free to design medical care programs for low-income individuals in their states in whatever way they choose. In addition, the federal government will simplify the crazy-quilt of Medicaid eligibility standards for elderly and disabled individuals, streamline the scope of benefits offered, and start to bring costs under control by transforming Medicaid into a more market-based system and creating incentives to purchase private acute care and long-term care coverage.

Administration since March 1993, and eight other state waivers are currently pending. Moreover, the states currently administer the AFDC program and make all AFDC eligibility determinations for Medicaid. Combining the AFDC category of Medicaid with the AFDC, food stamp, and WIC programs will permit states to build a more cohesive package of services for low-income individuals and families.

In contrast, the federal government currently bears the sole responsibility for administering and financing the SSI program and makes the majority of SSI eligibility determinations for Medicaid. In addition, it already provides health coverage for most elderly and many disabled Americans through the Medicare program.

S.8 -- Teen Pregnancy and Parental Responsibility Act

This bill makes changes to the welfare system and provides additional funding to communities to reduce teen pregnancy and support teen mothers.

Changes to Welfare

This bill requires custodial parents under age 18 who receive AFDC to live in supervised settings, continue education or employment training and participate in substance abuse treatment, where appropriate. The bill requires states to intensify efforts to establish paternity and simplify procedures for paternity establishment. It also authorizes states to revoke occupational, professional, or drivers' licenses of parents with past-due child support.

Additional Initiatives

This bill authorizes funds to states and localities for designing and implementing teen pregnancy prevention projects, establishes a National Teen Pregnancy Clearinghouse that will provide local communities with reliable information about effective interventions. The bill also provides for funding to states for the establishment of adult-supervised group homes for custodial parents under the age of 19.

Financing

The bill is financed by requiring uniform alien eligibility criteria and state retention of recovered food stamps. They also estimate savings through the change in the child support system.

Major Provisions

Title I. Ending the Cycle of Intergenerational Dependency

Section 101. Custodial parents under the age of 18 would be required to live either with an adult family member or in an adult-supervised group home in order to qualify for AFDC benefits.

Section 102. Funds would be made available to states for the establishment of adult-supervised group homes for custodial parents under the age of 19. In contrast to orphanages, these "family support homes" would provide teens and their children with a supportive, supervised environment where teen parents would be required to learn parenting skills, covering such matters as individual and parental responsibility, family budgeting, health and nutrition, early childhood development and other skills to promote their long-term economic independence and the well-being of their children.

Section 103. Custodial parents would be required to continue education or job training programs through age 18 (age 19 at state option) in order to qualify for AFDC benefits. States could institute additional incentives and penalties to encourage the completion of educational programs.

Section 104. Custodial parents would be required to participate in substance abuse treatment programs through age 18 when deemed necessary. (States could use federal JOBS funding to support such treatment programs.)

Title II. Parental Responsibility

Section 201. States could receive an increased federal matching rate for improved paternity establishment efforts. Statewide paternity establishment percentages would be based on the total number of out-of-wedlock children (rather than the number of out-of-wedlock children receiving AFDC benefits).

Section 202. States would be required to implement laws allowing withholding, suspension or restriction of driver's, professional, occupational and recreational licenses of individuals owing past-due child support or failing to comply with subpoenas or warrants relating to paternity or child support proceedings (subject to appropriate due process safeguards).

Section 203. Procedures for the establishment of paternity through the use of genetic testing and the encouragement of voluntary acknowledgement of paternity would be simplified.

Section 204. States would be given broader authority to use genetic testing, subpoenas, income withholding and various other procedures for the purpose of establishing paternity in an expedited manner.

For example, states would be allowed access to vital statistics (including records of marriage, birth and divorce); state and local tax and revenue records (including information on residence address, employer, income and assets); records covering real and titled personal property; records of occupational and professional licenses and records concerning the ownership and control of corporations, partnerships, and other business entities; employment security records; public assistance records; records of motor vehicle departments; corrections records; customer records of public utilities and cable television; and information on individuals who owe or are owed support held by financial institutions (all subject to safeguards on privacy and information security).

Also, for the purpose of securing past-due child support, states would be allowed to intercept and seize any periodic or lump-sum payment to the obligor, including unemployment compensation; workers' compensation; judgments and settlements in cases under the jurisdiction of the state or local government; and lottery winnings. Moreover, states would be allowed to attach and seize assets held by financial institutions; to attach public and private retirement funds (as determined by the Secretary); and, in appropriate cases, to impose liens and to force the sale of property and the distribution of proceeds.

Section 205. States would be required to publicize adequately the availability and encourage the use of voluntary paternity establishment procedures, especially at or near the time of birth.

Title III. Combating Teenage Pregnancy

Section 301. Funds would be made available to states for the design and implementation of teenage pregnancy prevention programs. Such programs could be operated by state agencies, local agencies, publicly supported organizations, private nonprofits, and consortia of such entities. Applicants must demonstrate a strong local commitment and local involvement in planning and implementation. Governors would select projects with preference given to those applications targeting both young men and young women, areas with high teen pregnancy rates, or areas with a high incidence of individuals receiving AFDC.

Section 302. A National Teen Pregnancy Clearinghouse would be established to provide local communities with reliable information about effective approaches to combating teen pregnancy.

Title IV. Financing

Section 401. *Uniform Alien Eligibility Criteria.* This provision would save \$449 million over five years by conforming eligibility criteria (pertaining to immigrants who are not legal permanent residents) within the AFDC, SSI and Medicaid programs to eligibility criteria under current law for the Food Stamp program.

Section 402. *State Retention of Recovered Food Stamps.* This provision would save \$90 million over five years by extending current law with regard to food stamp over-issuances. As part of the 1990 Farm Bill, Congress reduced the percentage of recovered food stamp over-issuances retainable by state agencies for intentional program violations (to 25% from 50%) and for unintentional program violations (to 10% from 25%). This provision is scheduled to expire this year. The effect of this provision would be to extend the reduction imposed in 1990 for five years.

NOTE: Under Title II of S. 8, CBO estimates that \$353 million would be saved over five years by enabling states to revoke occupational, professional, and driver's licenses of those with past-due support orders, and through expedited procedures and modification to the child support enforcement system.

March 7, 1995

MAJOR SIMILARITIES IN CHILD SUPPORT BILLS WRA, Bradley Bill, Snowe Bill

While there are numerous minor differences between these bills, for the most part, they are very, very similar as to virtually all of the major provisions. All of these bills were modeled after the WRA child support provisions. Areas where they do differ in significant ways are listed below:

- **Paternity Establishment** -- The WRA requires that State CSE agencies determine whether AFDC recipients are cooperating, determination is prior to receipt of benefits, the mother must meet new strict cooperation requirements, and there are possible penalties (loss of FFP) if the state then fails to establish paternity within one year. The Bradley and Snowe Bills are silent on these issues and thus are weaker in the area of paternity establishment. However, all of these bills have similar provisions to streamline the legal process for establishing paternity.
- **Access and Visitation Grants** -- In order to encourage that noncustodial parents provide emotional support as well as financial support for children, the WRA included provisions for grants to States for access and visitation related programs; including mediation, counseling, education, and visitation enforcement initiatives.
- **Modification of Awards** -- The bills take different approaches to the periodic modification (or updating) of child support awards. The WRA is the most comprehensive. It calls for the periodic modification of all awards (unless both parents agree to opt-out) and provides a streamlined administrative process to modify awards. The Bradley Bill and Snowe Bill maintain existing law (requiring periodic modification in AFDC cases and others that request a review) with some minor modifications and add a provision for the periodic exchange of financial information between the parties. Parents can then request a review.

**WORK AND RESPONSIBILITY ACT
OF 1994**

SUMMARY

THE CLINTON ADMINISTRATION AND WELFARE REFORM: THE WORK AND RESPONSIBILITY ACT OF 1994

WELFARE REFORM: WORK

Under the President's reform plan, welfare will be about a paycheck, not a welfare check. To reinforce and reward work, our approach is based on a simple compact. Each recipient will be required to develop a personal employability plan designed to move her into the workforce as quickly as possible. Support, job training, and child care will be provided to help people move from dependence to independence. But time limits will ensure that anyone who can work, must work--in the private sector if possible, in a temporary subsidized job if necessary. Reform will make welfare a transitional system leading to work.

The combination of work opportunities, the Earned Income Tax Credit, child care, and improved child support will make the lives of millions of women and children demonstrably better.

Making Welfare a Transition to Work: Building on the JOBS Program

Created by the Family Support Act of 1988 and championed by then-Governor Clinton, the JOBS program offers education, training, and job placement services--but to few families. Our proposal would expand and improve the current program to include:

- **A personal employability plan.** From the very first day, the new system will focus on making young mothers self-sufficient. Working with a caseworker, each woman will develop an employability plan identifying the education, training, and job placement services needed to move into the workforce. Because 70 percent of welfare recipients already leave the rolls within 24 months, and many applicants are job-ready, most plans will aim for employment well within two years.
- **A two-year time limit.** Time limits will restrict most AFDC recipients to a lifetime maximum of 24 months of cash assistance.
- **Job search first.** Participants who are job-ready will immediately be oriented to the workplace. Anyone offered a job will be required to take it.
- **Integration with mainstream education and training programs.** JOBS will be linked with job training programs offered under the Jobs Training Partnership Act, the new School-to-Work initiative, Pell Grants, and other mainstream programs.
- **Tough sanctions.** Parents who refuse to stay in school, look for work, or attend job training programs will be sanctioned, generally by losing their share of the AFDC grant.
- **Limited exemptions and deferrals.** Our plan will reduce existing exemptions and ensure that from day one, even those who can't work must meet certain expectations. Mothers with disabilities and those caring for disabled children will initially be exempt from the two-year time limit, but will be required to develop employability plans that lead to work. Another exemption allowed under current JOBS rules will be significantly narrowed: mothers of infants will receive only short-term deferrals (12 months for the first child, three months for the second). At state discretion, a very limited number of young mothers completing education programs may receive appropriate extensions.

- **Let states reward work.** Currently, AFDC recipients who work lose benefits dollar-for-dollar, and are penalized for saving money. Our proposal allows states to reinforce work by setting higher earned income and child support disregards. We also help fund demonstration projects to support saving and self-employment.

- **Additional federal funding.** To ease state fiscal constraints and ensure that JOBS really works, our proposal raises the federal match rate and provides additional funding. The federal JOBS match will increase further in states with high unemployment.

The WORK Program: Work Not Welfare After Two Years

The WORK program will enable those without jobs after two years to support their families through subsidized employment. The WORK program emphasizes:

- **Work, not "workfare."** Unlike traditional "workfare," recipients will only be paid for hours worked. Most jobs would pay the minimum wage for between 15 and 35 hours of work per week.

- **Flexible, community-based initiatives.** State governments can design programs appropriate to the local labor market: temporarily placing recipients in subsidized private sector jobs, in public sector positions, or with community organizations.

- **A Transitional Program.** To move people into unsubsidized private sector jobs as quickly as possible, participants will be required to go through extensive job search before entering the WORK program, and after each WORK assignment. No WORK assignment will last more than 12 months. Participants in subsidized jobs will not receive the EITC. Anyone who turns down a private sector job will be removed from the rolls, as will people who repeatedly refuse to make good faith efforts to obtain available jobs.

Supporting Working Families: The EITC, Health Care, Child Care

To reinforce this central message about the value of work, other new incentives will make work pay and encourage AFDC recipients to leave welfare.

- **The Earned Income Tax Credit (EITC).** The expanded EITC will lift millions of workers out of poverty. Already enacted by Congress, the EITC will effectively make any minimum wage job pay \$6.00 an hour for a typical family with two children. States will be able to work with the Treasury Department to issue the EITC on a monthly basis.

- **Health care.** Expansions in health care coverage will allow people to leave welfare without worrying about coverage for their families.

- **Child care.** To further encourage young mothers to work, our plan will guarantee child care during education, training, and work programs, and for one year after participants leave welfare for private sector employment. Increased funding for other federal child care programs will bolster more working families just above the poverty line and help them stay off welfare in the first place. Our plan also improves child care quality and ensures parental choice.

WELFARE REFORM: RESPONSIBILITY

Our current welfare system often seems at odds with core American values, especially responsibility. Overlapping and uncoordinated programs seem almost to invite waste and abuse. Non-custodial parents frequently provide little or no economic or social support to their children. And the culture of welfare offices often seems to reinforce dependence rather than independence. The President's welfare plan reinforces American values, while recognizing the government's role in helping those who are willing to help themselves.

Our proposal includes several provisions aimed at creating a new culture of mutual responsibility. We will provide recipients with services and work opportunities, but implement tough, new requirements in return. These include provisions to promote parental responsibility, ensuring that both parents contribute to their children's well-being. The plan also includes incentives directly tied to the performance of the welfare office; extensive efforts to detect and prevent welfare fraud; sanctions to prevent gaming of the welfare system; and a broad array of incentives that the states can use to encourage responsible behavior.

Parental Responsibility

The Administration's plan recognizes that both parents must support their children, and establishes the toughest child support enforcement program ever proposed. In 1990, absent fathers paid only \$14 billion in child support. But if child support orders reflecting current ability to pay were established and enforced, single mothers and their children would have received \$48 billion: money for school, clothing, food, utilities, and child care. As part of a plan to reduce and prevent welfare dependency, our plan provides for:

- **Universal paternity establishment.** Hospitals will be required to establish paternity at birth, and each applicant will be required to name and help find her child's father before receiving benefits.
- **Regular awards updating.** Child support payments will increase as fathers' incomes rise.
- **New penalties for those who refuse to pay.** Wage-withholding and suspension of professional, occupational, and drivers' licenses will enforce compliance.
- **A national child support clearinghouse.** Three registries--containing child support awards, new hires, and locating information--will catch parents who try to evade their responsibilities by fleeing across state lines. Centralized state registries will track support payments automatically.
- **State initiatives and demonstration programs.** States will be able to make young parents who fail to meet their obligations work off the child support they owe. Demonstration grants for parenting and access programs--providing mediation, counseling, education, and visitation enforcement--will foster non-custodial parents' ongoing involvement in their children's lives. And child support assurance demonstrations will let interested states give families a measure of economic security even if child support is not collected immediately.
- **State options to encourage responsibility.** States can choose to lift the special eligibility requirements for two-parent families in order to encourage parents to stay together. States will also be allowed to limit additional benefits for children conceived by women on welfare.

Accountability for Taxpayers

To eliminate fraud and ensure that every dollar is used productively, welfare reform will coordinate programs, automate files, and monitor recipients. New fraud control measures include:

- **State tracking systems to help reduce fraud.** States will be required to verify the income, identity, alien status, and Social Security numbers of new applicants and assign national identification numbers.
- **A national public assistance clearinghouse.** Using identification numbers, the clearinghouse will follow people whenever and wherever they use welfare, monitoring compliance with time limits and work. A national "new-hire" registry will monitor earnings to check AFDC and EITC eligibility, and identify non-custodial parents who switch jobs or cross state lines to avoid paying child support.
- **Tough sanctions.** Anyone who refuses to follow the rules will face tough new sanctions, and anyone who turns down a job offer will be dropped from the rolls. Cheating the system will be promptly detected and swiftly punished.

Performance, Not Process

The Administration's plan demands greater responsibility of the welfare office itself. Unfortunately, the current system too often focuses on simply sending out welfare checks. Instead, the welfare office must become a place that is fundamentally about helping people earn paychecks as quickly as possible. Our plan offers several provisions to help agencies reduce paperwork and focus on results:

- **Program coordination and simplification.** Conforming AFDC and Food Stamp regulations and simplifying both programs' administrative requirements will reduce paperwork.
- **Electronic Benefits Transfer (EBT).** Under a separate plan developed by Vice President Gore, states will be encouraged to move away from welfare checks and food stamp coupons toward Electronic Benefits Transfer, which provides benefits through a tamper-proof ATM card. EBT systems will help reduce welfare and food stamp fraud, and lead to substantial savings in administrative costs.
- **Improved incentives.** Funding incentives and penalties will be directly linked to the performance of states and caseworkers in service provision, job placement, and child support collection.

WELFARE REFORM: REACHING THE NEXT GENERATION

Preventing teen pregnancy and out-of-wedlock births is a critical part of welfare reform. Each year, 200,000 teenagers aged 17 and younger have children. Their children are more likely to have serious health problems--and they are much more likely to be poor. Almost 80 percent of the children born to unmarried teenage parents who dropped out of high school now live in poverty. By contrast, only eight percent of the children born to married high school graduates aged 20 or older are poor. Welfare reform will send a clear and unambiguous message to adolescents: you should not become a parent until you are able to provide for and nurture your child. Every young person will know that welfare has changed forever.

Preventing Teen Pregnancy

To prevent welfare dependency in the first place, teenagers must get the message that staying in school, postponing pregnancy, and preparing to work are the right things to do. Our prevention approach includes:

- **A national campaign against teen pregnancy.** Emphasizing the importance of delayed sexual activity and responsible parenting, the campaign will bring together local schools, communities, families, and churches.
- **A national clearinghouse on teen pregnancy prevention.** The clearinghouse will provide communities and schools with curricula, models, materials, training, and technical assistance relating to teen pregnancy prevention programs.
- **Mobilization grants and comprehensive demonstrations.** Roughly 1000 middle and high schools in disadvantaged areas will receive grants to develop innovative, ongoing teen pregnancy prevention programs targeted to young men and women. Broader initiatives will seek to change the circumstances in which young people live and the ways that they see themselves, addressing health, education, safety, and economic opportunity.

Phasing in Young People First

Initial resources are targeted to women born after December 31, 1971. Phasing in the new system will direct limited resources to young, single mothers with the most at risk; send a strong message to teenagers that welfare as we know it has ended; most effectively change the culture of the welfare office to focus on work; and allow states to develop effective service capacity.

A Clear Message for Teen Parents

Today, minor parents receiving welfare can form independent households; often drop out of high school; and in many respects, are treated as if they were adults. Our plan changes the incentives of welfare to show teenagers that having children is an immense responsibility rather than an easy route to independence.

- **Supports and sanctions.** The two-year limit will not begin until teens reach age 18, but from the very first day, teen parents receiving benefits will be required to stay in school and move toward work. Unmarried minor mothers will be required to identify their child's father and live at home or with a responsible adult, while teen fathers will be held responsible for child support and may be required to work off what they owe. At the same time, caseworkers will offer encouragement and support; assist with living situations; and help teens access services such as parenting classes and child care. Selected older welfare mothers will serve as mentors to at-risk school-age parents. States will also be allowed to use monetary incentives to keep teen parents in school.

THE WORK AND RESPONSIBILITY ACT OF 1994

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

We can provide opportunity, demand responsibility, and end welfare as we know it. We can give every American hope for the future.

--Bill Clinton, *Putting People First*

HHS FACT SHEET

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

March 1995

STATE WELFARE DEMONSTRATIONS

Under section 1115 of the Social Security Act, HHS is authorized to grant states waivers of current laws governing the AFDC and Medicaid programs. This authority is intended to give states the flexibility to demonstrate alternatives that better match their residents' needs.

HHS is committed to fulfilling President Clinton's mandate to make the waiver process more efficient. This should give states more flexibility in their management of joint federal-state programs while maintaining quality services for HHS beneficiaries.

Since January 1993, HHS has approved welfare demonstration projects in Arkansas, California, Colorado, Connecticut, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Michigan, Mississippi, Nebraska, New York, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Vermont, Virginia, Wisconsin and Wyoming.

ARKANSAS:

Under Arkansas' demonstration, AFDC parents age 16 or younger will be required to attend school regularly or face reductions in benefits if they fail to do so. If appropriate, teen-age parents can meet the requirement by attending an alternative educational program.

In addition, Arkansas will implement a policy of not increasing AFDC benefits when additional children are born into a family receiving welfare. Family planning and group counseling services focusing on the responsibilities of parenthood will be included in the demonstration.

Arkansas' application was received on Jan. 14, 1993, and approved on March 5, 1994.

CALIFORNIA:

California's demonstration will encourage teen-age AFDC parents to regularly attend school by paying them a \$100 cash bonus for maintaining a C average, and \$500 for ultimately graduating from high school. Teen-age parents who fail to maintain a D average can have their AFDC payments reduced by up to \$50 a month for two months.

The demonstration will also permit AFDC families to accumulate \$2,000 in assets and have \$4,500 equity in a car. In addition, families will be able to deposit \$5,000 into savings so long as the funds are used to purchase a home, start a business or finance a child's post-secondary education or training.

Finally, the demonstration will allow recipients who work -- but who have low AFDC benefits -- to opt out of the program. They will remain eligible for health care under Medi-Cal as well as other services, such as child care, which are available to AFDC recipients.

California's waiver request was received on Sept. 29, 1993, and granted Feb. 28, 1994.

COLORADO:

Colorado is initiating a "Personal Responsibility and Employment Program" which includes a number of major revisions to the state's AFDC program. The demonstration will operate in five counties. Under the demonstration, parents who are able to work or able to participate in a training program must do so after receiving AFDC benefits for two years. Individuals who refuse to perform the assignments can face a loss of AFDC benefits.

Additionally, the demonstration will "cash out" Food Stamps for participants, meaning that the value of the coupons will be added to the monthly AFDC payment. Participants will be encouraged to work through a new formula which will enable families to keep more of the money they earn. Asset levels and rules pertaining to ownership of an automobile will also be changed so that participants will be permitted to own a car regardless of its value or their equity in it.

Finally, the demonstration provides for payment of financial bonuses when participants stay in school and graduate from a secondary (high school) or GED program, and permits financial penalties to be assessed when parents fail to have their children immunized.

Colorado's waiver request was received on June 30, 1993, and granted on Jan. 15, 1994.

CONNECTICUT

Connecticut's "A Fair Chance" initiative is designed to increase supports, incentives, and work expectations for AFDC recipients. It has two components, Pathways and Family Strength.

Pathways requires AFDC recipients to work a minimum of 15 hours a week after two years of AFDC, 25 hours a week after three years, and 35 hours a week after four years. Pathways will also help families leaving welfare increase their incomes by paying the difference between the non-custodial parent's child support

payments and a state-established minimum. Family Strength provisions raise the resource limit for AFDC eligibility from \$1000 to \$3000 and extend transitional child care and medical benefits an additional year, to a total of two years.

Family Strength will be implemented statewide and Pathways will be implemented in the New Haven and Manchester areas.

Connecticut's application was received on Dec. 30, 1993, and approved on Aug. 29, 1994.

FLORIDA:

Florida is implementing a "Family Transition Program" for AFDC recipients in two counties. Under the plan, most AFDC families will be limited to collecting benefits for a maximum of 24 months in any five-year period.

Individuals who exhaust their transitional AFDC benefits but are unable to find employment will be guaranteed the opportunity to work at a job paying more than their AFDC grant. The demonstration also provides a longer period of eligibility -- 36 months in any six-year period -- for families at a high-risk of becoming welfare dependent.

Medicaid and child care benefits will be available in the demonstration. Local community boards will play a large role in overseeing the program.

Other elements of the demonstration include an increase in the earnings disregard formula and asset ceilings, as well as a statewide requirement that AFDC parents must ensure that their children have been immunized.

Florida's waiver request was received on Sept. 21, 1993, and granted on Jan. 27, 1994.

GEORGIA:

Georgia is initiating the "Personal Accountability and Responsibility Project" (PAR) which strengthens federal work requirements that must be met in order to receive cash benefits. Georgia's welfare agency will now be able to exclude from an AFDC grant any able-bodied recipient between the age of 18 to 60 who has no children under the age of 14 and who willfully refuses to work or who leaves employment without good cause. The rest of the family will continue to be eligible for AFDC benefits.

The plan will also allow the state to deny additional cash benefits for additional children born after a family has been on welfare for at least two years if the child was conceived while the family was on welfare. However, PAR would allow recipients to "learn back" the denied benefits through the receipt of child support payments or earnings.

Medicaid and Food Stamps eligibility will continue for all family members. In addition, Georgia will offer family planning services and instruction in parental skills to AFDC recipients.

Georgia's waiver request was received on May 18, 1993, and granted on Nov. 2, 1993.

HAWAII:

Under Hawaii's "Creating Work Opportunities for JOBS Families" (CWOJF) programs, job-ready JOBS recipients who would otherwise expect to wait at least three months to be placed in a regular education or training activity are required to pursue job leads developed by JOBS program specialist. The positions are part-time (up to 18 hours per week), private sector jobs at minimum wage, and will allow participants to gain work experience, develop their skills, and better target training needs. The demonstration will operate for five years.

Hawaii's application was received on Nov. 3, 1993, and approved on June 25, 1994.

ILLINOIS:

The Work Pays component, added to the previously approved Project Fresh Start, encourages employment and thereby self-sufficiency by enabling recipients to keep more of their earnings than is normally allowed. The State will disregard two of each three dollars earned for as long as they continue working.

Illinois' waiver request was received Aug. 2, 1993, and granted on Nov. 23, 1993.

INDIANA

Under the Indiana Manpower Placement and Comprehensive Training Program (IMPACT), at any point in time, up to 12,000 job-ready individuals will be assigned to a "Placement Track" and receive help in job search and placement. Once on this track, AFDC benefits will be limited to 24 consecutive months. The time limit applies to adult benefits only; children's benefits will not be affected. Case management and supportive services will continue for a period after AFDC benefits end.

For all recipients who become employed, earnings will be disregarded in determining Food Stamp benefits for the first six months. There will be increased sanctions for quitting a job or for failure to comply with program requirements. There will also be fewer exemptions from current JOBS participation requirements. Another provision will extend subsidies to employers who hire welfare recipients for a maximum of 24 months.

A family benefit cap provision will disallow additional AFDC benefits for children conceived while on AFDC although the child will be eligible for Medicaid. Children will be required to attend school and be immunized. IMPACT will operate for seven years. Indiana's request was received June 21, 1994, and granted Dec. 15, 1994.

IOWA:

Iowa is implementing a reform plan that will encourage AFDC and Food Stamp recipients to take jobs and accumulate assets through a program of "Individual Development Accounts." Funds deposited in an account can only be withdrawn to pay for education, training, home ownership, business start-up or family emergencies. The current law which limits each family's assets to \$1,000 will be changed to allow each applicant to have up to \$2,000 in assets and each AFDC family to possess up to \$5,000 in assets. Additionally, the vehicle asset ceiling will rise from \$1,500 to \$3,000.

Recipients will also be encouraged to work under a new formula which disregards 50 percent of their earnings in the calculation of benefits. For recipients lacking in significant work histories, all income will be disregarded during the first four months on AFDC. A Family Investment Program will be created for most AFDC parents, requiring them to participate in training and support services as a condition of AFDC receipt. Only parents with a child under 6 months old at home, those working at least 30 hours per week, and the disabled are exempt. Individuals who choose not to participate in the Family Investment Agreement will have their AFDC benefits phased out over six months and will not be able to reapply for another six months.

Iowa's request was received April 29, 1993, and granted Aug. 13, 1993.

MICHIGAN

This expansion of Michigan's "To Strengthen Michigan Families" welfare demonstration requires AFDC recipients to participate in either the Job Opportunities and Basic Skills Training Program (JOBS) or Michigan's "Social Contract" activities that encourage work and self-sufficiency. Michigan is also testing the requirement that AFDC applicants participate in job search, by actively seeking employment while eligibility for AFDC is being determined.

The demonstration also requires that pre-school-age children be immunized and disregards the value of one vehicle in determining eligibility. Additionally, in two counties, Michigan will evaluate mediation services to determine if this increases compliance with child support. The demonstration will extend previously approved waivers until October 1999.

Michigan's request was received March 8, 1994, and granted Oct. 5, 1994.

MISSISSIPPI

Mississippi's reform plan promotes health and education for children receiving welfare assistance and supports work efforts by their parents. The demonstration includes a wide component and two projects, "Work First" in six counties, and "Work Encouragement" in two counties.

The wide component requires all children aged six through 17 to attend school and all children under age six to be immunized and receive regular health checkups. It also extends AFDC eligibility for two-parent families by allowing mothers or fathers to work more than 100 hours a month.

The "Work First" component provides subsidized, private-sector employment for job-ready participants. A special fund created from participants' AFDC and food stamp benefits will reimburse employers' wages. The State will provide supplemental payments to recipients when their total income is less than the combined AFDC and Food Stamp benefits they would otherwise receive. In addition, each "Work First" participant will have an "individual development account" for family savings, to which employers will contribute one dollar per hour of work. The State will also pass on to the family all the child support payments it collects on its behalf.

The "Work Encouragement" component allows recipients to keep more of their earnings and still receive AFDC, by raising the earned income limit from 60 to 100 percent of state-established need levels. Time limits on income disregards will also be waived.

The "Work First" component will be implemented in Adams, Harrison, Jones, Lee, Hinds and Washington Counties. The "Work Encouragement" component will be implemented in Leflore and Oktibbeha counties. Under both the "Work First" and "Work Encouragement" components, courts may require unemployed, non-custodial fathers to participate in the JOBS program to meet child support obligations.

The demonstration will be in effect for five years. The request was received Dec. 10, 1993, and granted Dec. 22, 1994.

NEBRASKA

Under Nebraska's demonstration project, most welfare recipients will be given a choice between two time-limited welfare plans. One program will offer slightly lower benefits, but will enable recipients to retain more benefits when they begin to earn income from work. An alternative benefit program will offer slightly

higher benefits, but the level of benefits will decrease more quickly when recipients begin to earn employment income. A non-time-limited program will remain in place, but could only be chosen by recipients exempted by the state from enrolling in one of the time-limited programs.

Under all three programs, a recipient must develop a self-sufficiency contract with a caseworker. There will be no additional benefits for children conceived while the mother is receiving AFDC; resource limits will be raised to \$5,000; benefits will be reduced by \$50 for each minor child who fails to attend school; and minor parents who live at home will be expected to receive support from their parent(s) if the parent's income exceeds 300 percent of the federal poverty rate. In addition, under the two time-limited programs, cash assistance will be provided for a total of 24 months in a 48-month period; food stamps will be cashed out; AFDC payments will be slightly reduced; and all adult wage earners must work or participate in job search, education, or training. Two years of transitional Medicaid and child care will be available for recipients who leave welfare for work. The project will be implemented in two counties on July 1, 1995, and will be expanded statewide the following year. It will operate for seven years.

Nebraska's waiver request was received on Oct. 4, 1994, and granted on Feb. 27, 1995.

NEW YORK

New York's "A Jobs First Strategy" gives applicants alternatives to welfare, provides new incentives for recipients to find work and create businesses, and encourages the formation and preservation of two-parent families.

The demonstration allows applicants otherwise eligible for Aid to Families with Dependent Children the option to receive child care or JOBS Training program services in place of AFDC. The program will also provide one-time cash assistance or other services necessary to remedy a temporary emergency which has resulted, or may result, in job loss or impoverishment.

The demonstration allows children in AFDC families to receive AFDC for up to two years after a caretaker parent marries and the new spouse's income makes the family ineligible, so long as the household's income does not exceed 150 percent of the federal poverty guidelines. It extends to a full year transitional child care benefits for employed recipients who leave the rolls because of child support payments. In addition, clients are encouraged to develop their own business enterprises by excluding certain business income and resources, including vehicles.

The demonstration will be implemented in six sites in four counties (Broome, Onondaga, Erie and up to three sites in Brooklyn), and will operate for five years.

The request was received June 7, 1994, and granted Oct. 19, 1994.

NORTH DAKOTA:

North Dakota's demonstration will provide federal AFDC matching funds to the state for low-income women during the initial six months of pregnancy with their first child. Such payments are usually not available until the last trimester of the pregnancy.

In addition, the demonstration links AFDC to a requirement that individuals enroll in the state's welfare-to-work program and pursue education or training activities both during the first six months of pregnancy and after their child is 3 months of age.

North Dakota's waiver application was received on Aug. 19, 1993, and approved on April 12, 1994.

OHIO

The Ohio demonstration has three components: Families of Opportunity, Children of Opportunity, and Communities of Opportunity.

Communities of Opportunity will operate in up to five sites, primarily in Empowerment Zone/Enterprise Community areas. In these sites, the state will work with local business, industry and community leaders to generate up to 2500 wage-supplemented jobs during the five-year life of the demonstration. These jobs are expected to pay at least \$8 per hour and provide the economic stability for a family to leave welfare permanently. Wages will be supplemented with Food Stamp allotments and AFDC grants.

Families of Opportunity expands eligibility for two-parent families, extends transitional child care for up to 18 months, and increases the amount of earnings a family can retain before losing AFDC eligibility. It will operate in ten counties.

Children of Opportunity will operate in two counties and will focus on education. Under this component, dependent children between 6 and 18 will be required to attend school regularly. Case management services will be available for families with attendance problems, and there will be financial penalties for failure to comply.

Ohio's request was received on May 28, 1994 and approved on March 7, 1995. The project will operate for five years.

OKLAHOMA:

Oklahoma's demonstration seeks to encourage welfare recipients to regularly attend school and ultimately graduate from a high school or equivalent educational program.

The demonstration provides that AFDC recipients between the ages of 13 and 18 need to remain in school or face a reduction in benefits if they drop out. The plan applies to teen-age parents as well as children.

Oklahoma's request was received Dec. 28, 1992, and granted Jan. 25, 1993.

OREGON

Oregon's JOBS Plus demonstration provides individuals with short-term (up to nine months) subsidized public or private employment at minimum wage or better. The state will provide supplemental payments if an individual's income is less than the combined Aid to Families with Dependent Children and Food Stamp benefits. Participants will continue to be eligible for Medicaid and will receive workplace mentoring and support services. The state also will pass on to the family all the child support payments it collects on the family's behalf.

Each JOBS Plus participant will also have an Individual Education Account (IEA), to which employers will contribute one dollar per hour of work. After a participant begins working in a non-subsidized position, the state will transfer the IEA to the State Scholarship Commission. The commission will then make funds available to the participant or the immediate family for continuing education and training at any state community college or institution of higher learning.

Oregon's request was received on Oct. 28, 1993, and granted Sept. 19, 1994.

PENNSYLVANIA

Pennsylvania's "Pathways to Independence" project provides incentives and support for single and two-parent families moving from welfare to self-sufficiency. It increases earned income disregards so that recipients can keep more of what they earn before they become eligible for public assistance. Additionally, it raises AFDC resource limits, including the value of a family's vehicle, and increases the time that a family is eligible for transitional child care and Medicaid after the family leaves welfare due to earnings. It will operate in Lancaster County.

To further aid the transition to work, Pathways extends case management counseling and referral services to up to one year after the family leaves welfare. Families will be able to deposit money into retirement savings and education accounts without penalty. Furthermore, after two months of employment, recipient families can also choose to receive cash payment of their monthly Food Stamp benefit. The demonstration will operate for five years.

The request was received on Feb. 18, 1994, and approved Nov. 3, 1994.

SOUTH CAROLINA

South Carolina's Self-Sufficiency and Personal Responsibility Program sets work requirements and provides transitional assistance for program participants. After completing Individual Self-Sufficiency Plans (ISSP's) to help prepare them to become self-sufficient, AFDC recipients have 30 days to find a job in a designated vocational area. If they fail to secure such employment, recipients receive an additional 30 days on AFDC to find any private sector job, after which time they must participate in a community work experience program in order to continue to receive AFDC benefits. Progressive sanctions for non-compliance, up to and including removal of the entire family from assistance, are components of this program.

To aid in the transition to work, recipients who would otherwise no longer be eligible for AFDC because of employment can receive reduced benefits for up to 12 months. Families remain eligible for Medicaid and child care during this phase-down period, and regular transitional Medicaid and child care benefits begin at the end of this period.

The program also raises resource limits to \$3,000 and exempts the cash value of life insurance policies, one vehicle and interest and dividend payments. Children of recipients are required to attend school regularly and obtain appropriate immunizations.

The demonstration will operate in Berkeley, Dorchester, Charleston, and Barnwell Counties for a period of five years. South Carolina's request was received on June 13, 1994, and approved on Jan. 9, 1995.

SOUTH DAKOTA

South Dakota is initiating its "Strengthening of South Dakota Families Initiative" that encourages welfare recipients to undertake either employment or education activities. The program assigns AFDC participants to either an employment or education track that enables them to move from dependency to self-sufficiency. Individuals enrolled in the employment track will receive up to 24 months of AFDC benefits; those participating in the education track will receive up to 60 months of AFDC benefits.

Upon completion of either track, participants will be expected to find employment, or failing that, will be enrolled in approved community service activities. Individuals who refuse to perform the required community service without good cause will have their benefits reduced until they comply. In addition, in conformance with the food stamp program, AFDC benefits can be denied to any family in which an adult parent quits a job without good cause. The sanction period will last three months, or until the parent acquires a comparable job.

The demonstration also enacts new rules pertaining to the employment and earnings of children receiving AFDC. Under current law, income earned by children can reduce the family's overall AFDC payment. The South Dakota demonstration will disregard such earnings for children who are attending school at least part-time. Children will be permitted to have a savings account of up to \$1,000.

South Dakota's request was received Aug. 6, 1993, and approved March 14, 1994.

VERMONT:

Vermont's "Family Independence Project" (FIP) promotes work by enabling AFDC recipients to retain more income and accumulate more assets than is normally allowed. FIP also requires AFDC recipients to participate in community or public service jobs after they have received AFDC for 30 months for most AFDC families, 15 months for families participating in the unemployed parent component of AFDC. Current child support payments will now go directly to families entitled to them.

Vermont's request was received Oct. 27, 1992, and granted April 12, 1993.

VIRGINIA:

Virginia's "Welfare Reform Project" will encourage employment by identifying employers who commit to hire AFDC recipients for jobs that pay between \$15,000 and \$18,000 a year and by providing additional months of transitional child care and health care benefits. A second statewide project will: enable AFDC families to save for education or home purchases by allowing the accumulation of up to \$5,000 for such purposes; encourage family formation by changing the way a stepparent's income is counted; and allow fulltime high school students to continue to receive AFDC benefits until age 21. Further, in up to four counties,

AFDC recipients who successfully leave welfare for work may be eligible to receive transitional benefits for child and health care for an additional 24 months, for a total of 36 months. In one location, Virginia will offer a guaranteed child support "insurance" payment to DC families who leave welfare because of employment to assist the family in maintaining economic self-sufficiency.

Virginia's request was received July 13, 1993, and granted Nov. 23, 1993.

WISCONSIN:

Wisconsin's reform plan, "Work Not Welfare," will require that most AFDC recipients either work or look for jobs. The plan provides case management, employment activities and work experience to facilitate employment. Receipt of AFDC benefits will be limited to 24 months in a four-year period, except under certain conditions, such as an inability to find employment in the local area due to a lack of appropriate jobs. Upon exhaustion of benefits, recipients become ineligible for 36 months.

With exceptions, children born while a mother receives AFDC will not be counted in determining a family's AFDC grant. In addition, child support will now be paid directly to the AFDC custodial parent in cases where the funds are collected by the state.

Wisconsin's request was received July 14, 1993, and granted Nov. 1, 1993.

In addition, under Wisconsin's AFDC Benefit CAP (ABC) Demonstration Project, no additional benefits will be provided to existing Aid to Families with Dependent Children cases due to the birth of a child, with exceptions, although additional children will remain eligible for Medicaid benefits and food stamps. All AFDC recipients will be offered family planning services and instructions on parenting skills. The new rule goes into effect ten months after the demonstration is implemented.

For this waiver, Wisconsin's application was received on Feb. 9, 1994, and approved on June 24, 1994.

WYOMING:

Wyoming's reform plan will encourage AFDC recipients to enroll in school, undertake a training program, or enter the workforce. Wyoming's plan will allow DC families with an employed parent to accumulate \$2,500 in assets, rather than the current ceiling of \$1,000.

Wyoming will promote compliance with work and school requirements with tough penalties: AFDC minor children who refuse to stay in school or accept suitable employment could have their monthly benefit reduced by \$40; and adult AFDC recipients who are required to work or perform community service, but refuse to do so, face a \$100 cut in their monthly benefit. Also, Wyoming will severely restrict eligibility for adults who have completed a post-secondary educational program while on welfare, and will deny payment to recipients who have confessed to or been convicted of program fraud until full restitution is made to the state.

Unemployed, non-custodial parents of AFDC children who are not paying child support can now be ordered, by the courts, into Wyoming's JOBS program.

Wyoming's request was received May 20, 1993, and granted Sept. 7, 1993.

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Contact:

Press Office
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HHS NEWS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

June 1994

FACTS RELATED TO WELFARE REFORM

Job Opportunities and Basic Skills (JOBS)

Existing JOBS Program

Created by the Family Support Act of 1988 and championed by then-Governor Clinton, the Job Opportunities and Basic Skills (JOBS) program helps AFDC recipients become job-ready and enter the workplace. JOBS offers education, training, and job placement, as well as guaranteed child care and other support services. But unfortunately, it reaches few poor families.

To support local flexibility, the Family Support Act gave state welfare agencies primary administrative responsibility for JOBS. The law encouraged welfare agencies to form collaborative relationships with other community institutions--such as schools, non-profit organizations, and business groups--so that JOBS programs would fit local circumstances and needs.

The Family Support Act represented a fundamental rethinking of welfare incentives and obligations. Through JOBS, it set in place expectations that welfare should be only a transitional preparation for self-sufficiency, and that training and support services are as vital as cash benefits. However, the law exempted about half of AFDC recipients, including mothers under age 16, mothers in school, and mothers with children under age three (or one, at state option). Most significantly, in 1994, states were required to have only 15 percent of non-exempt recipients participate in JOBS.

Funding constraints have also limited the program's reach. During the past five years, AFDC caseloads mushroomed and a weak economy put additional demands on state budgets. As a result, states drew down only 69 percent of the federal funds available for JOBS in 1992, and only 12 states were able to draw down their full allocation.

Changes Under Welfare Reform

Under President Clinton's welfare reform plan, an enhanced JOBS program becomes the core of the transitional assistance approach. Our proposal would expand and improve the current program to include:

A personal employability plan. From the very first day, the new system will focus on making young mothers self-sufficient. Working with a caseworker, each woman will develop an employability plan identifying the education, training, and job placement services needed to move into the workplace. Because 70 percent of welfare recipients already leave the rolls within 24

months, and most applicants are job-ready, many plans will aim for employment well within two years.

A two-year time limit. Time limits will restrict most AFDC recipients to a lifetime maximum of 24 months of cash assistance.

Limited exemptions and deferrals. Our plan will reduce existing exemptions and ensure that from day one, even those who can't work must meet certain expectations. Mothers with disabilities and those caring for disabled children will initially be exempt from the two-year time limit, but will be required to develop employability plans that lead to work. Another exemption allowed under current JOBS rules will be significantly narrowed: mothers of infants will receive only short-term deferrals (12 months for the first child, three months for the second). At state discretion, a very limited number of young mothers completing education programs may receive appropriate extensions.

Job search first. Participants who are job-ready will immediately be oriented to the workplace. Anyone offered a job will be required to take it.

Integration with mainstream education and training programs. JOBS will be linked with job training programs offered under the Jobs Training Partnership Act, the new School-to-Work initiative, Pell Grants, and other mainstream programs.

Tough sanctions. Parents who refuse to stay in school, look for work, or attend job training programs will be sanctioned, generally by losing their share of the AFDC grant. For most families, simply the threat of this financial loss will be enough to ensure compliance, but those who fail to comply will face real cuts in benefits.

A phase-in focusing on young recipients first. Initial resources are targeted to women born after December 31, 1971. Phasing in the new system will direct limited resources to young, single mothers with the most at risk; send a strong message to teenagers that welfare as we know it has ended; most effectively change the culture of the welfare office to focus on work; and allow states to develop effective service capacity. As welfare reform is phased in, a larger percentage of the caseload will be covered.

Flexibility for states. States that want to accelerate the phase in will be able to use federal matching funds to do so. States may define the phased-in group more broadly, require older women to participate in certain JOBS activities, or provide increased resources to volunteers under current JOBS rules.

Guaranteed child care for those in education and training. An expanded investment in child care will help eliminate a primary barrier to work preparation for young parents.

Additional federal funding. To ease state fiscal constraints and ensure that JOBS really works, our proposal raises the federal match rate and provides additional funding. The federal JOBS match will increase further in states with high unemployment.

ADMINISTRATION FOR CHILDREN AND FAMILIES

ADMINISTRATION ON CHILDREN, YOUTH AND FAMILIES

ACF CHILD CARE PROGRAMS SERVING CHILDREN AND FAMILIES

Child care programs provide important assistance to working families and families who are moving toward self-sufficiency by participating in education and training programs. The Administration for Children and Families' (ACF) child care programs are administered by the Child Care Bureau within the Administration on Children, Youth and Families. The overwhelming majority of the children served are from working poor families. Through ACF child care, parents can choose the kind of care best suited to their families' needs.

Child care assistance is available through the states in the following programs:

- Child Care for Aid to Families with Dependent Children (AFDC) Recipients
- Transitional Child Care (TCC)
- At-Risk Child Care (ARCC)
- Child Care and Development Block Grant (CCDBG)

The first three are title IV-A child care programs, named after title IV-A of the Social Security Act which was amended by the Family Support Act of 1988 to provide for AFDC child care and TCC. Title IV-A was further amended by the Omnibus Budget Reconciliation Act of 1990 to provide for At-Risk Child Care. The Child Care and Development Block Grant is a separate program created under the Omnibus Budget Reconciliation Act of 1990.

Basic Facts about Federal Child Care Funding

Child Care for AFDC recipients entitles AFDC families with child care to the extent that it is necessary for employment or state-approved education and training. AFDC families who are working or in state-approved education or training programs, including the Job Opportunities and Basic Skills Training (JOBS) program, receive AFDC Child Care. This financial support allows them to pursue activities which will help them to become economically self-sufficient.



Basic facts (cont.)...

Transitional Child Care provides up to 12 months of child care to working AFDC recipients upon loss of eligibility for AFDC due to increase in hours of or earnings from employment. TCC is funded as an entitlement program for those eligible and is critical to maintaining self-sufficiency.

At-Risk Child Care provides child care to low-income working families not receiving AFDC who need child care in order to work and who would be at risk of becoming dependent on AFDC if they did not receive child care assistance.

The Child Care and Development Block Grant funds state efforts to provide quality child care services for low-income family members who work, train for work, or attend school, or whose children are receiving or need to receive protective services. CCDBG provides states, Indian tribes, and territories with funding to help low-income families access quality child care for their children. In addition, CCDBG increases the availability of early childhood development and before- and after-school care services. Funds are available to provide certificates, grants, and contracts for child care services for low-income families. Nationwide, in FY 1993, 65 percent of children were served with certificates.

What the Numbers Show for FY 1993

Q. What was federal spending on child care in FY 1993?

In FY 1993, states, the District of Columbia, and territories received the following IV-A child care funds:

AFDC child care:	\$470.4 million
TCC:	\$112.7 million
ARCC:	\$269.8 million

In FY 1993, 261 grantees, including the 50 states, the District of Columbia, Puerto Rico, Guam, Palau, the Commonwealth of Northern Mariana Islands, the Virgin Islands, and 213 Indian tribes received:

CCDBG:	\$890.6 million
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State matching funds are required for AFDC child care, Transitional Child Care, and At-Risk Child Care at the FMAP rate for program funds. Matching requirements ensure that states and territories will receive a certain level of funding if they contribute a specified amount. The Child Care Development Block Grant is a discretionary program requiring no match.

Child Care Numbers (cont.)...

Q. How many children were served by these child care programs in FY 1993?

FY 1993 average number of children served:

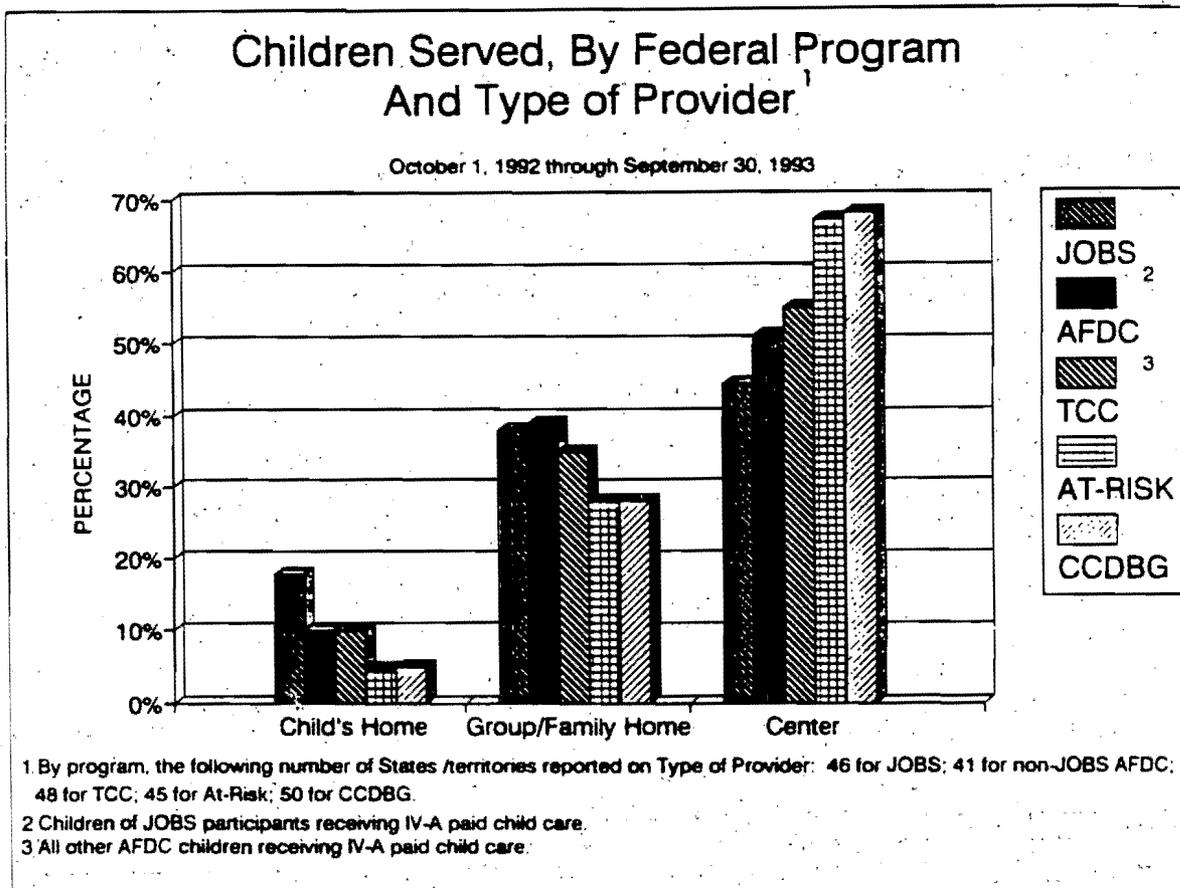
AFDC/JOBS	201,389/month
non-JOBS AFDC	137,855/month
TCC	84,682/month
ARCC	219,017/month

CCDBG (funded some portion of care for): 755,904/year

NOTE: Weekly hours or number of months for which child care was provided varied according to family need.

Q. What types of child care did parents choose for their children?

Parents choose a wide variety of child care arrangements. In FY 1993, the child care arrangement most frequently chosen by parents receiving title IV-A and CCDBG funds was center-based care. The next most frequently chosen arrangement was family day care home or group home followed by child care provided in the child's own home.



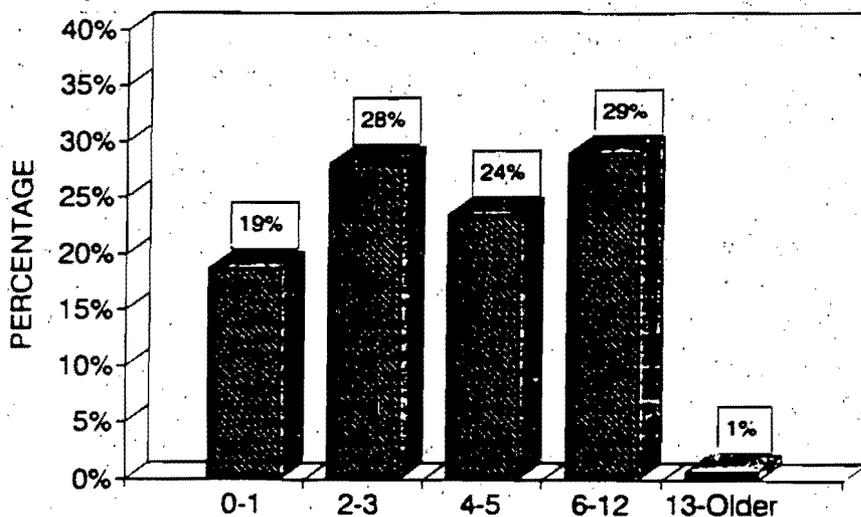
Child Care Numbers (cont.)...

Q. *What were the ages of the children in these programs?*

FY 1993 age data are available only for children of AFDC/JOBS participants and children in CCDBG-funded care. The majority of children served by both programs are under age 6.

Children of JOBS Participants Receiving IV-A Paid Child Care, By Age

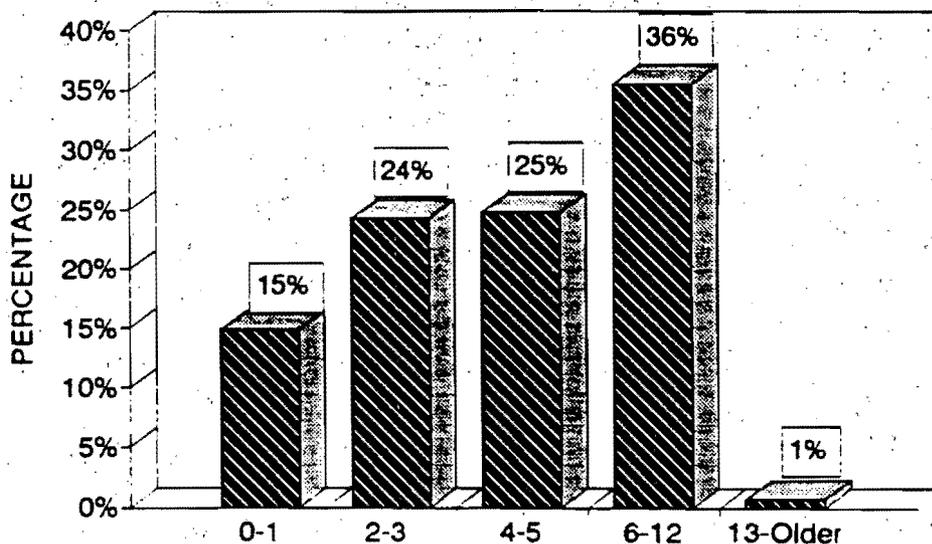
October 1, 1992 through September 30, 1993



Based on reporting by 43 States, the District of Columbia, and territories of Guam and Puerto Rico.

Children Served with CCDBG Funds, By Age

October 1, 1992 through September 30, 1993

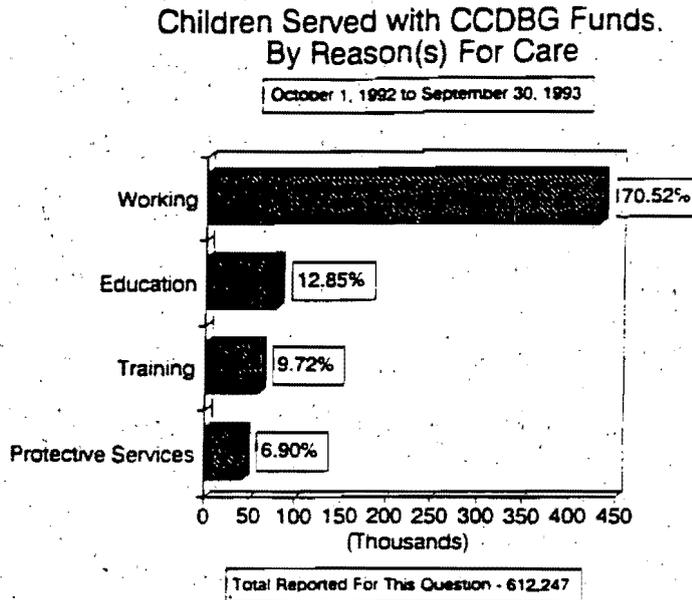


Based on 41 States/Territories reporting the age(s) of children served.

Child Care Numbers (cont.)...

Q. Why did families using CCDBG funds need child care assistance?

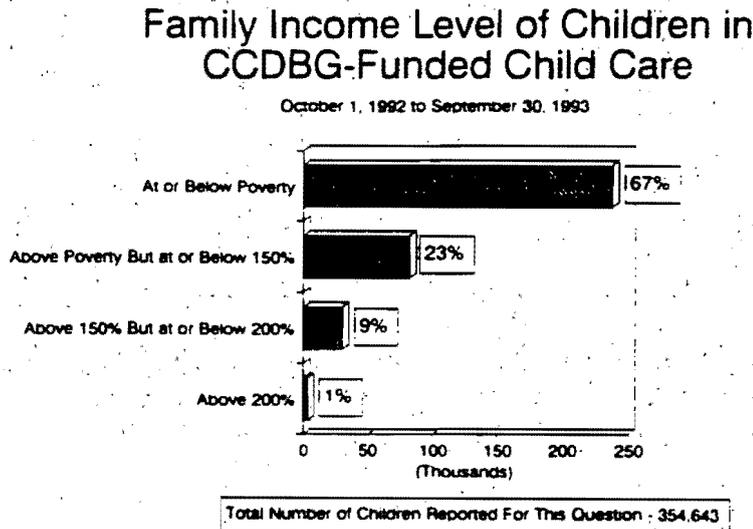
In FY 1993, over two-thirds of the children needed child care because their parents were working.



* Based on 40 States, the District of Columbia, Puerto Rico and the Virgin Islands reporting reason(s) for care

Q. What was the income level of the families using CCDBG-funded care?

In FY 1993, approximately two-thirds of the children in CCDBG-funded child care lived in families that were at or below the federal poverty level. Almost a quarter of the children in this program lived in families with incomes between 100 and 150 percent of the poverty level.



Based on 31 States/Territories reporting.

Poverty refers to the Federal poverty level, though Grantees may vary on the year of the Federal poverty level used.

There is a family fee requirement for TCC, ARCC, and CCDBG based on a sliding fee scale. The sliding fee scale is based on family size and income, and may include other factors as well. AFDC families do not contribute to the cost of child care provided under title IV-A.

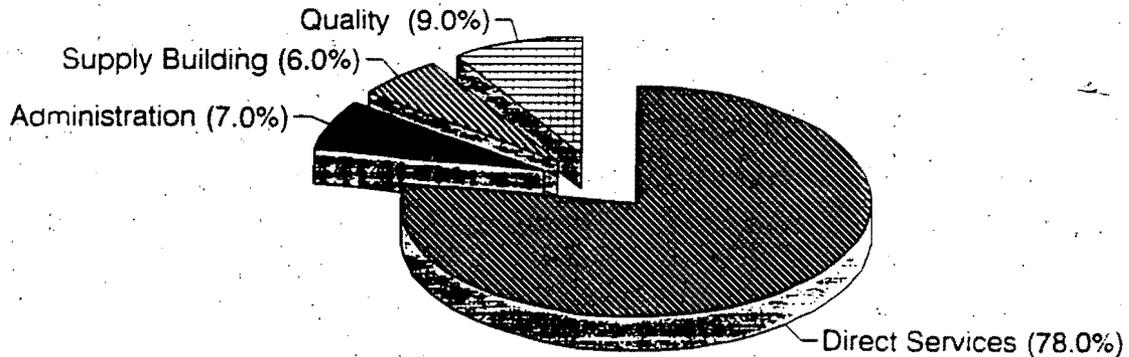
Child Care Numbers (cont.)...

Q. How did CCDBG expenditures increase the quality of child care?

While more than three-fourths of FY 1993 CCDBG expenditures were used for direct services, nine percent of the funds were used to improve the quality of child care. These quality expenditures were used for resource and referral, monitoring, training and technical assistance, grants or loans to providers to improve standards, and projects to improve the compensation of child care workers.

CCDBG Expenditures

October 1, 1992 through September 30, 1993



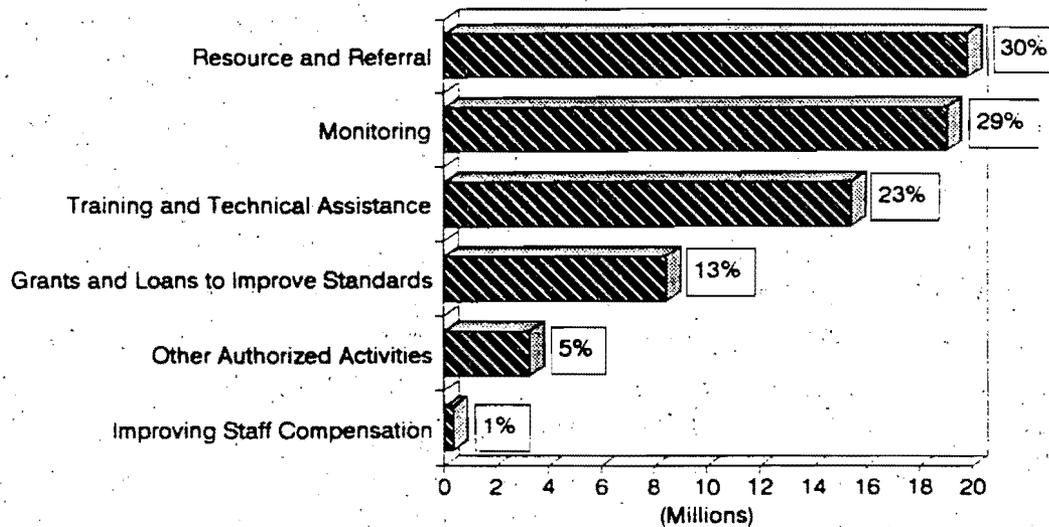
Direct Services: includes child care purchased with certificates, contracts, grants, or as part of before- and after-school care and early childhood development programs.

Administration: administrative expenditures are capped under the CCDBG regulations.

Percentages are based on 48 States, the District of Columbia, the Commonwealth of the Northern Mariana Islands, Guam, and the Virgin Islands reporting itemized expenditures.

CCDBG Quality Expenditures

October 1, 1992 through September 30, 1993



Total expenditures on quality under both the 75 and 25 percent funds for reporting period - \$66,470,571

Other Authorized Activities: includes expenses such as conducting a needs assessment or organizing a planning committee.

*Percentages are based on 46 States/Territories reporting itemized expenses.

FY 1994 FEDERAL IV-A AND CCDBG FUNDING FOR CHILD CARE

	AFDC/JOBS expenditures	TCC expenditures	AT-RISK expenditure	CCDBG allocation	TOTAL FUNDING
ALABAMA	\$8,438,200	\$3,399,540	\$4,373,571	\$18,868,199	\$35,079,510
ALASKA	\$1,486,568	\$394,186	\$903,270	\$1,785,671	\$4,569,695
ARIZONA	\$7,168,399	\$3,842,083	\$4,708,783	\$16,114,036	\$31,833,301
ARKANSAS	\$1,184,491	\$354,783	\$2,271,030	\$10,541,127	\$14,351,431
CALIFORNIA	\$23,334,372	\$4,546,767	\$36,591,920	\$101,825,814	\$166,298,873
COLORADO	\$4,468,395	\$1,276,390	\$4,061,715	\$9,807,813	\$19,614,313
CONNECTICUT	\$7,270,682	\$3,361,446	\$4,573,662	\$6,400,258	\$21,606,048
DELAWARE	\$2,964,438	\$466,960	\$771,463	\$1,750,863	\$5,953,724
DISTRICT OF C	\$3,035,057	\$158,197	\$536,943	\$1,699,749	\$5,429,946
FLORIDA	\$12,929,876	\$9,094,494	\$13,903,804	\$43,796,143	\$79,724,317
GEORGIA	\$29,848,900	\$4,057,435	\$3,904,624	\$27,995,895	\$65,806,854
HAWAII	\$1,574,527	\$76,894	\$1,318,040	\$3,092,384	\$6,061,845
IDAHO	\$1,192,947	\$236,124	\$1,438,507	\$4,475,144	\$7,342,722
ILLINOIS	\$17,331,114	\$4,695,450	\$13,426,268	\$33,067,159	\$68,519,991
INDIANA	\$10,931,189	\$4,119,149	\$6,539,470	\$16,578,248	\$38,168,056
IOWA	\$2,361,208	\$1,049,605	\$3,176,853	\$8,306,132	\$14,893,798
KANSAS	\$4,651,358	\$2,161,240	\$5,162,425	\$7,900,127	\$19,875,150
KENTUCKY	\$10,428,835	\$2,218,240	\$4,108,845	\$16,166,825	\$32,922,745
LOUISIANA	\$8,279,773	\$2,380,478	\$0	\$24,431,282	\$35,091,533
MAINE	\$748,652	\$506,050	\$1,335,153	\$3,569,446	\$6,159,301
MARYLAND	\$15,829,163	\$1,655,227	\$5,397,817	\$11,432,636	\$34,314,843
MASSACHUSETT	\$24,301,026	\$7,537,205	\$6,239,983	\$12,335,024	\$50,413,238
MICHIGAN	\$6,374,148	\$2,599,839	\$11,522,366	\$26,502,429	\$46,998,782
MINNESOTA	\$12,084,347	\$4,490,903	\$5,358,597	\$12,329,599	\$34,263,446
MISSISSIPPI	\$3,466,548	\$464,574	\$351,302	\$16,080,060	\$20,362,484
MISSOURI	\$10,873,292	\$4,117,123	\$5,926,418	\$16,212,211	\$37,129,044
MONTANA	\$1,550,294	\$655,659	\$841,943	\$2,935,959	\$5,983,855
NEBRASKA	\$7,139,303	\$1,526,084	\$1,929,249	\$5,019,963	\$15,614,599
NEVADA	\$494,284	\$458,386	\$1,352,382	\$3,489,817	\$5,794,869
NEW HAMPSHIR	\$2,524,854	\$527,987	\$1,260,808	\$2,205,327	\$6,518,976
NEW JERSEY	\$5,831,346	\$2,180,893	\$8,271,876	\$16,314,273	\$32,598,388
NEW MEXICO	\$4,297,645	\$1,938,405	\$1,942,722	\$8,279,030	\$16,457,802
NEW YORK	\$39,348,960	\$4,743,027	\$19,646,983	\$50,715,836	\$114,454,806
NORTH CAROLI	\$44,583,713	\$8,774,499	\$7,274,110	\$25,037,977	\$85,670,299
NORTH DAKOT	\$1,358,968	\$399,011	\$549,964	\$2,240,642	\$4,548,585
OHIO	\$34,694,754	\$9,892,845	\$12,333,962	\$32,436,098	\$89,357,659
OKLAHOMA	\$16,246,743	\$1,512,048	\$3,733,875	\$13,521,231	\$35,013,897
OREGON	\$8,971,603	\$5,967,675	\$3,351,616	\$8,951,477	\$27,242,371
PENNSYLVANIA	\$28,187,382	\$4,630,925	\$12,501,961	\$29,652,814	\$74,973,082
PUERTO RICO	\$0	\$0	\$0	\$23,803,033	\$23,803,033
RHODE ISLAND	\$4,435,891	\$440,458	\$923,000	\$2,523,260	\$8,322,609
SOUTH CAROLI	\$2,422,729	\$850,744	\$4,796,764	\$16,460,065	\$24,530,302
SOUTH DAKOTA	\$776,834	\$450,236	\$487,671	\$3,073,105	\$4,787,846
TENNESSEE	\$23,004,046	\$7,232,115	\$2,859,200	\$18,799,006	\$51,894,367
TEXAS	\$24,439,360	\$15,709,345	\$19,600,985	\$77,733,501	\$137,483,191
UTAH	\$7,589,208	\$2,176,728	\$2,825,622	\$8,378,423	\$20,969,987
VERMONT	\$2,020,702	\$927,387	\$636,844	\$1,520,851	\$5,105,784
VIRGINIA	\$7,326,659	\$4,213,119	\$6,782,758	\$16,565,033	\$34,887,569
WASHINGTON	\$25,041,262	\$5,380,138	\$6,037,741	\$14,342,361	\$50,801,502
WEST VIRGINIA	\$4,471,399	\$873,277	\$1,801,604	\$6,865,302	\$14,011,582
WISCONSIN	\$8,479,784	\$3,662,263	\$5,402,361	\$13,789,491	\$31,333,899
WYOMING	\$1,706,301	\$389,451	\$536,382	\$1,594,302	\$4,226,436
TRIBES				\$26,790,000	\$26,790,000
AMERICAN SAMOA			\$0	NA	\$0
GUAM	\$0	\$0	\$0	\$2,000,374	\$2,000,374
VIRGIN ISLAND	\$0	\$4,294	\$0	\$1,403,437	\$1,407,731
N. Mariana				\$756,361	\$756,361
Palau				\$292,224	\$292,224
TOTAL	\$539,501,529	\$154,777,381	\$275,585,218	\$890,554,847	\$1,860,418,975

NUMBER OF CHILDREN SERVED BY FEDERAL CHILD CARE ASSISTANCE, FY 1993

	AFDC/JOB	TCC	At-Risk	CCDBG
ALABAMA	NR	1,767	2,513	82,842
ALASKA	738	126	340	5,089
ARIZONA	4,655	2,223	4,261	13,710
ARKANSAS	1,188	308	215	5,516
CALIFORNIA	13,900	2,413	14,141	39,989
COLORADO	3,094	1,002	4,092	2,230
CONNECTICUT	788	1,296	NR	12,645
DELAWARE	967	273	1,048	1,905
DISTRICT OF COL	196	77	1,727	306
FLORIDA	13,985	6,124	16,086	47,752
GEORGIA	16,217	2,460	4,568	10,881
HAWAII	561	32	510	2,057
IDAHO	1,080	237	1,065	4,902
ILLINOIS	6,514	2,897	11,523	9,340
INDIANA	9,557	1,364	1,829	15,491
IOWA	2,989	405	1,847	7,460
KANSAS	12,776	1,151	2,197	2,415
KENTUCKY	2,935	1,041	3,336	7,401
LOUISIANA	3,907	2,695	NA	22,956
MAINE	2,993	245	1,567	1,360
MARYLAND	8,499	857	6,690	2,507
MASSACHUSETTS	7,983	2,588	3,175	2,117
MICHIGAN	13,448	1,053	14,388	23,554
MINNESOTA	5,106	2,041	7,581	12,125
MISSISSIPPI	1,535	246	NA	11,694
MISSOURI	6,698	2,491	5,560	6,710
MONTANA	959	376	98	8,250
NEBRASKA	5,780	642	3,015	1,199
NEVADA	941	352	1,781	1,610
NEW HAMPSHIRE	1,846	483	344	9,370
NEW JERSEY	9,592	1,814	7,915	13,758
NEW MEXICO	2,455	703	1,562	5,295
NEW YORK	33,927	2,264	8,760	7,103
NORTH CAROLINA	20,873	4,285	6,236	32,657
NORTH DAKOTA	1,532	326	1,299	4,404
OHIO	20,795	4,252	8,351	39,926
OKLAHOMA	7,242	1,029	13,118	5,970
OREGON	5,010	2,874	4,494	33,255
PENNSYLVANIA	21,148	7,689	11,520	8,827
PUERTO RICO	1,783	NA	NA	27,906
RHODE ISLAND	3,422	183	1,942	3,115
SOUTH CAROLINA	1,996	335	1,765	6,077
SOUTH DAKOTA	1,545	515	310	3,272
TENNESSEE	11,268	3,482	332	8,440
TEXAS	4,280	8,879	16,059	57,919
UTAH	4,531	1,031	1,397	59,877
VERMONT	2,025	97	419	3,725
VIRGINIA	1,985	2,291	3,836	9,236
WASHINGTON	13,086	683	8,933	37,909
WEST VIRGINIA	1,308	435	1,480	4,691
WISCONSIN	15,678	2,098	3,399	5,671
WYOMING	1,893	147	433	595
TRIBES	NR	NR	NR	4,800
AMERICAN SAMOA	NR	NR	NR	NR
GUAM	0	0	NA	74
VIRGIN ISLANDS	30	5	NA	613
N. Mariana	NR	NR	NR	NR
Palau	NR	NR	NR	206
	339,239	84,682	219,057	760,704

AFDC/JOBS, TCC, and At-Risk figures are average monthly counts.

For states with incomplete reporting, the total number may be an underestimate.

The tribal total is preliminary and reflects only 50% reporting.

NR - State did not report

NA - State indicates data are not applicable

HHS FACT SHEET

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

June 1994

Contact: ACF Press Office
(202) 401-9215

FACTS RELATED TO WELFARE REFORM

Child Support Programs

Existing Child Support Programs

The goal of the Child Support Enforcement (CSE) program, established in 1975 under Title IV-D of the Social Security Act, is to ensure that children are supported financially by both of their parents.

Designed as a joint federal, state, and local partnership, the multi-layered program involves 50 separate state systems, each with its own unique laws and procedures. Some local child support offices are run by courts, others by counties, and others by state agencies. At the federal level, the Department of Health and Human Services provides technical assistance and funding to states through the Office of Child Support Enforcement and also operates the Federal Parent Locator System, a computer matching system that uses federal information to locate non-custodial parents who owe child support.

Today, despite recent improvements in paternity establishment and collections, this child support system fails many families. In 1991, 14.6 million children lived in a female-headed family, almost triple the number in 1960, and 56 percent of them lived in poverty. Paternity is not established for most children born out of wedlock, child support awards are usually low and rarely modified, and ineffective collection enforcement allows many non-custodial parents--especially in interstate cases--to avoid payment without penalty.

As a result, non-custodial parents paid only \$14 billion in child support in 1990. But if child support orders reflecting current ability to pay were established and enforced, single mothers would have received \$48 billion: money for clothing, food, utilities, and child care. Closing that \$34 billion gap is a top priority for this Administration.

Clinton Administration Increases and Innovations

Already, the Clinton Administration has proposed, and Congress has adopted, a requirement for states to establish hospital-based paternity programs, as a proactive way to establish paternities early in a child's life. In addition, the 1995 budget reflects a 13 percent increase in federal spending on child support.

Changes Under Welfare Reform

Building on the best state and federal initiatives, President Clinton's welfare reform plan will create an aggressive, coordinated system with automated collection and tougher enforcement. While the federal-state child support enforcement system collected \$9 billion from non-custodial parents in 1993, the reformed system under our plan will collect \$20 billion in the year 2000. The plan focuses on:

Universal paternity establishment. Performance incentives will encourage states to establish paternity for all births, and hospitals will expand efforts to get parents to voluntarily acknowledge paternity. Streamlined legal procedures and greater use of scientific testing will facilitate identification for those who do not voluntarily acknowledge their responsibilities. And we also require each welfare applicant to supply the name and location of the child's father in order to receive benefits.

Fair award guidelines and periodic updating. A commission will study whether national awards guidelines should be adopted. States will automatically update awards for families as non-custodial parents' incomes change.

Automated monitoring and tracking. States will centralize and modernize their child support structures through the use of central registries that monitor payments automatically. A new national child support clearinghouse will catch parents who try to evade their responsibilities even if they flee across state lines.

New penalties for those who refuse to pay. Expanded wage-withholding and data-base matching will be used to enforce compliance. As a last resort, states will withhold the drivers' and professional licenses of parents who refuse to pay support. Even the threat of license suspension is a proven enforcement tool, and suspension also reaches self-employed people unaffected by wage-withholding.

State initiatives and demonstration programs. The reform plan will, for the first time, create a state option to make money available for work and training programs for non-custodial parents who earn too little to meet their child support obligations. States can choose to make these programs mandatory--so that non-custodial parents work off what they owe. At the same time, demonstration grants for parenting and access programs--providing mediation, counseling, education, and visitation enforcement--will foster non-custodial parents' ongoing involvement in their children's lives. And child support assurance demonstrations will let interested states give families a measure of economic security even if child support is not collected immediately.

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CHILDREN IN THE CHILD PROTECTION SYSTEM

ABUSED CHILDREN

- ◆ 2.9 million children were reported as abused or neglected in 1993.

Among substantiated cases of child maltreatment, 44% were for neglect, 22% were for physical abuse, 13% for sexual abuse, 5% for emotional maltreatment, and 16% for other forms of maltreatment.

- ◆ 1,028 child fatalities from maltreatment were reported by 46 states in 1993. (The National Committee for Prevention of Child Abuse estimates that there were 1,261 child fatalities from maltreatment in all the states in 1992.)

CHILDREN IN FOSTER CARE

- ◆ Approximately 444,000 children are projected to have been in foster care at the end of 1993; the number of children who enter and exit foster care each year is substantially higher.
- ◆ Of these children, only about half (245,000) qualify for partial federal reimbursement under Title IV-E Foster Care Maintenance payments.
- ◆ During 1990, the number of children in care increased by 11.8%, the largest increase since 1982.

ADOPTION

- ◆ During 1990, 69,000 children in the foster care system had the goal of adoption, 20,000 of whom were legally free (i.e. parental rights had been terminated).
- ◆ Of the children waiting for adoptive families, an estimated 17,000 children who had been in foster care had their adoptions finalized in 1990.
- ◆ During 1990, the median length of time that children waited for adoption was 1.8 years.

The data are from the National Child Abuse and Neglect Data System (NCANDS) and the Voluntary Cooperative Information System, 1993 (administered by American Public Welfare Association).

HHS FACT SHEET

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

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FACTS RELATED TO WELFARE REFORM Aid to Families with Dependent Children (AFDC)

Benefits

- AFDC benefit levels range from \$120 per month for a family of three in Mississippi to \$923 per month in Alaska, with the median state paying \$367 in AFDC benefits (January 1993 figures). Food stamp benefits fall as AFDC benefits increase, however, offsetting to some degree the disparity in AFDC benefit levels among the different states.
- AFDC benefit levels have declined by 42 percent in the last two decades. The average monthly benefit for a mother and two children with no earnings has shrunk in constant 1992 dollars from \$690 in 1972 to \$399 in 1992, a 42 percent decline.
- This decline has been partly offset by an increase in food stamp benefits, such that the combination of AFDC and food stamps for a mother and two children with no earnings has declined by 26 percent between 1972 and 1992.
- In all 50 states, AFDC benefits are below the Census Bureau's poverty threshold, varying from 13 percent of the threshold in Mississippi to 79 percent in Alaska (median of 39 percent).

Caseloads

- The number of persons receiving AFDC each year has increased significantly between 1975 and 1993. In 1975, 11.1 million individuals received benefits, and in 1993, 14.1 million persons received AFDC (up from 12.6 million in 1991). Over the same period, the average size of AFDC families has fallen, from 3.2 persons in 1975 to 2.9 persons in 1993.
- Reciprocity rates, defined as the total number of AFDC recipients divided by the state population, have not followed a uniform trend among all states. While rates in some states increased substantially between 1975 and 1992, 22 states experienced a decline in monthly reciprocity rates over that time period.

- Two thirds of AFDC recipients are children. In March 1993, AFDC provided benefits to 9.7 million children.

Expenditures

- Despite the increase in the number of recipients over the time period, benefit expenditures have remained relatively constant in real terms between 1975 (\$21.3 billion) and 1992 (\$22.5 billion). Real spending on AFDC apart from AFDC-UP has actually fallen since 1975, from \$20.3 billion in 1975 to \$20.1 billion in 1992.
- Contrary to the general conception, not all states have experienced an increase in total AFDC expenditures. While the national average between 1985 and 1992 was a 17 percent increase, state-by-state figures varied from an increase of 184 percent in Arizona to a decrease of 38 percent in Wisconsin.
- The share of federal spending devoted to AFDC has declined from 1.5 percent in 1975 to 1.1 percent in 1992.

Recipient Characteristics

- Thirty-four percent of AFDC recipients in 1992 were white, 39 percent were Black and 19 percent Hispanic, as compared to 1973, when 38 percent of AFDC recipients were white, 45.8 percent Black and 13.4 percent Hispanic.
- Only 22 percent of AFDC families reported any non-AFDC income in 1992.
- Forty percent of female welfare recipients gave birth to their first child before the age of 19. Just over half had a high school degree when they entered the AFDC program, and 49 percent had not worked in the 12 months prior to entry.

The JOBS Program

- Overall 16 percent of adult non-exempt AFDC recipients nationwide were enrolled in the JOBS program in 1992. Only Indiana, Maine, Maryland and Guam failed to reach the 11 percent participation rate mandated in the Family Support Act for fiscal year 1992.
- Fiscal year 1992 federal funding for the JOBS program was capped at \$1 billion. However, state spending was only sufficient to draw down two-thirds of the available federal funding for fiscal year 1992, and only 11 states claimed their full allocation of federal funds. Only 19 states intended to spend enough to claim their full allocation in fiscal year 1993.

Other Facts

Living Arrangements of Children

- While the total child population in the United States was approximately the same in 1960 as in 1991, the percent of children living with a single parent increased from 9 percent to 26 percent. The majority of children born today will spend some time in a single-parent family.

Labor Force Participation of Women

- The percent of women who work in the wage labor market has increased dramatically in recent decades. Between 1950 and 1992, the labor force participation of women with children under age 6 increased from 14 percent to 58 percent.

Child Poverty

- In 1992, 22 percent of children lived in poverty. Among children in female-headed families, the rate was 54 percent; among children in families with a male present, the rate was 11 percent.

Child Support Enforcement

- In families with children with an absent father in 1989, 58 percent had a child support order in place, 37 percent received some payment, and 26 percent received the full payment.

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Summary of the Performance Measurement System

The Family Support Act of 1988 had required that the Secretary of Health and Human Services implement an outcome-based system. This proposal follows through on original goals of the FSA to implement such a system.

1. Vision: an outcome-based system

The goal of an outcome-based system is to modify State behavior towards the goal of serving recipients by linking incentives and penalties directly with client results and State performance. The Work and Responsibility Act would gradually implement an outcome-based performance measurement system. State performance would be assessed according to the results achieved by participants. Less emphasis would be placed on how States achieve those results. Federal funding would be linked to State performance in such areas as:

- the number of people who hit the time-limit
- the increase in employment and earnings after participants leave JOBS
- retention in unsubsidized employment
- decrease in rate of dependency
- improvement in the economic well-being of families
- other factors as appropriate

2. Implementation: from Measures to Standards

The Secretary, via the regulatory process, would collect information on factors identified as important outcomes. Based on the results of the information, standards for these factors would be set. The implementation is incremental and is designed to ensure that process successful. Interested parties (i.e., States, and even recipients) would take part in the process thus ensuring the system reflected a variety of needs.

3. Change from Current Law: expanded mission of QC and new State reporting requirements

Under the proposal, the data reporting requirements for States would be modified to reflect the management and reporting needs of new system. The mission of the current AFDC Quality Control system would be expanded to include:

- assessing accuracy of State data
- assessing accuracy of time-clock
- assessing number of time-limit extensions granted by States
- determining participation rates
- determine other measures of performance as appropriate/directed

4. Service Delivery Standards:

The following are standards set under the Work and Responsibility Act which are designed to ensure a minimal level of services prior to the full implementation of the outcome-based system. The JOBS participation rate is significantly higher than under current law.

JOBS Participation - average monthly participation rate of 50% (tolerance threshold of 5%)

- additional JOBS funds (Secretary direction) for exceeding 55% participation
- penalty of 25% reduction in AFDC matching funds for number of JOBS mandatory-recipients below 45% (i.e., the Federal AFDC matching funds—not JOBS funds—would be reduced by the number below the rate multiplied by 25% the average AFDC benefit for that State).

Exceeding the Extension cap - 25% reduction in AFDC matching funds for the number of recipients exceeding the time-limit extension cap

Keeping an Accurate Time-Clock - 25% reduction in AFDC matching funds for the number of recipients whereby the State has failed to maintain an accurate record of the number of months of receipt a family has received

WORK Participation - 25% reduction in AFDC match rate for the number of WORK registrants below the participation rate:

- **80% of the WORK caseload where the denominator are those required to register for WORK plus those recently off the rolls and the numerator is those in WORK slots, in authorized job search, sanctioned, or recently off assistance in unsubsidized employment; or,**
- **The number of WORK slots is supposed to fill based roughly on the estimated cost of a WORK slot and corresponding Federal funding available**