

## **Welfare Provisions of Budget Agreement: A Significant Advance for Work, Fairness**

### **A Major Victory on Welfare to Work**

The recently announced budget agreement is a major victory for those who believe that the Federal government should do more to assure that those on welfare have the opportunity to make the transition to work.

- The budget agreement includes two critical welfare to work initiatives. The first is a \$3 billion Welfare to Work fund for cities and states to create jobs and provide incentives for employment. This proposal will help move one million adults from welfare to work. The second is a tax credit to encourage companies to hire and retain long-term welfare recipients. The budget agreement provides all of the funds the Administration was seeking in this area.
- Combined with the extra block grant funds that are becoming available to states as caseloads drop, this will afford us an unprecedented opportunity to move people from welfare to work.

### **A Major Victory on Benefits for Legal Immigrants**

The budget agreement is a significant victory for those who opposed the welfare law's harsh provisions on legal immigrants -- provisions that punish children and legal immigrants with severe disabilities, and burden State and local governments. These provisions had nothing to do with the real goal of welfare reform, which is to move people from welfare to work.

- The budget agreement restores SSI and Medicaid eligibility for disabled legal immigrants who entered the U.S. prior to August 1996.
- After months when the Congressional leadership argued that any change constituted "reopening" the welfare law and refused to consider it, this is a great turnaround. Although many wish that the budget agreement went further, this \$9.7 billion restoration is a very significant change in the welfare law, especially given that it comes as part of an agreement to balance the budget.

### **A Major Victory on Food Stamp Work Requirement**

Limiting food stamps to three months in three years for non-disabled unemployed childless adults was inherently unfair because it did not provide any additional opportunities for work.

- The budget agreement provides \$750 million to create additional work slots for this group. It also lets states exempt 15% of individuals who would lose

benefits because of the time limits.

- This fast-minute victory in the budget negotiations will help ensure that those willing to work keep their food stamps.

EXECUTIVE OFFICE OF THE PRESIDENT

Office of Management and Budget  
Associate Director for Human Resources  
260 Old Executive Office Building  
Washington, DC 20503

Fax #: 395-5730

Phone #: 395-4844

FACSIMILE COVER SHEET

DATE: 5-5

TO: Bruce Reed : 6-5542

Cynthia Rice : 6-7431

Fax Number: \_\_\_\_\_

Number of pages (including cover sheet): 6

FROM: Ken Apfel

REMARKS:  
3 pages (Tables)  
2 pages (Immigrants Benefits)

## Changes to Benefits to Immigrants Proposals In the FY 1998 Budget

05-May-97

CBO Baseline. OMB estimates of CBO scoring (outlays in billions)

	1998	1999	2000	2001	2002	1998 - 2002
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**Restore Benefits for Immigrants****Benefits for Disabled Immigrants.**

SSI Costs	1.7	1.6	1.6	1.1	1.2	7.4
Medicaid Costs	0.4	0.4	0.3	0.3	0.3	1.7
Total	2.1	2.0	1.9	1.4	1.5	9.1

This policy would restore SSI benefits for 310,000 legal immigrants but an additional 100,000 non-disabled elderly would still lose benefits. All legal immigrant adults who are currently receiving SSI who have become disabled would have their eligibility restored. It would also provide access to SSI for all legal immigrants admitted before their sponsors were required to sign legally binding affidavits of support ("new applicants") who become disabled after entry. This policy also ensures that none of these immigrants lose access to Medicaid.

**Deem for New Entrants**

	0.0	0.0	0.0	0.1	0.1	0.2
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This policy would retain access to SSI and Medicaid for new entrants who become disabled after entering the U.S. but with restrictions. New entrants who apply for disability benefits and have legally binding affidavits of support from their sponsors would have the income of their sponsors deemed to them. For almost all of these immigrants, deeming of sponsor's income would cause the immigrant to lose SSI and Medicaid benefits. However, unlike current law, immigrants without a sponsor or immigrants whose sponsor has died or become impoverished would retain access to SSI and Medicaid if they become disabled after coming to the U.S. (The Administration's original proposal did not deem for new entrants.)

**Benefits for Immigrant Children.**

	0.1	0.1	0.1	0.1	0.1	0.3
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This policy would restore SSI benefits for approximately 6,000 legal immigrant children who are currently receiving SSI. It would also provide access to SSI for legal immigrant children admitted before their sponsors were required to sign legally binding affidavits for support ("new applicants") who are not currently receiving benefits. These children will also retain their Medicaid under this policy. New entrant children who have legally binding affidavits of support from their sponsor would have the income of their sponsors deemed for SSI and Medicaid. (The Administration's original proposal did not deem for new entrant children. Most of the 30,000 new entrant children who were provided access under the original proposal would lose benefits because of the deeming policy.)

**Extension for Refugees and Asylees.**

	0.04	0.04	0.04	0.04	0.04	0.2
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The welfare bill exempted refugees and asylees from the benefit restrictions for their first 5 years in the country. The agreement would lengthen the exemption for refugees and asylees from 5 to 7 years to provide a more appropriate time for refugees and asylees to become citizens.

**Subtotal, Benefits for Immigrants**

	2.3	2.2	2.1	1.6	1.8	9.9
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**Changes to Food Stamps Proposals  
In the FY 98 Budget**  
CBO Estimates (outlays in billions)

05-May-97

	1998	1999	2000	2001	2002	1998 - 2002
<b>Food Stamps</b>						
18-50's Work Requirement.	0.3	0.4	0.4	0.4	0.5	2.0
<p>The Administration's proposal retains the "3 in 36" time limit in the welfare statute but redirects \$470 million in existing Food Stamp Employment and Training Program funds and adds \$750 million in new funding to create an additional 155,000 work slots monthly in FY 1998 for individuals who are subject to the time limits. In total, this proposal would enable States to provide work slots to approximately 45% of those losing benefits in FY 1998 due to the time limits. By FY 2002, in excess of 55% of the affected individuals would retain benefits. The proposal includes the cost of providing on-going benefits to individuals fulfilling the work requirements.</p>						
18-50's Work Requirement--15% waiver	0.1	0.1	0.1	0.1	0.1	0.5
<p>The proposal permits States to exempt up to 15% of the individuals who would lose benefits because of the time limit. In total, it would enable States to exempt nearly 70,000 individuals who want to work but are unable to find a job within the three month time limit.</p>						
<b>Subtotal, Food Stamps</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.6</b>	<b>2.5</b>

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-05-97 13:55 FROM:OMB

**Welfare to Work Proposals in the FY 98 Budget**  
CBO/JCT Estimates (outlays in billions)

05-May-97

<u>Welfare to Work</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>5 Year</u>
Welfare to Work Jobs Challenge.	0.4	0.6	0.8	0.2	0.0	2.0

Instead of a new program, this incorporates funds in TANF. Formula grants would be allocated to States, with funds used in areas with poverty and unemployment rates at least 20% higher than the State average. A share of funds go to cities with large poverty populations commensurate with the share of long-term welfare recipients in those cities. Activities include job retention services; job retention or creation vouchers; and private sector wage subsidies for new jobs lasting 9 months.

Enhance and Expand WOTC*	0.1	0.1	0.2	0.1	0.1	0.6
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The budget proposes tax incentives to create new job opportunities for long-term welfare recipients. It would create a much-enhanced credit targeted at those who need help most -- long-term welfare recipients. The new credit would give employers a 50% credit on the first \$10,000 a year of wages for up to 2 years. The budget also expands the existing WOTC to able-bodied childless adults ages 18-50 who face work and time limit requirements.\*

<b>Subtotal, Welfare to Work*</b>	<b>0.5</b>	<b>0.7</b>	<b>1.0</b>	<b>0.3</b>	<b>0.1</b>	<b>2.6</b>
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\*WOTC costs are included in the revenue side. Five-year WOTC total could increase by \$0.1-\$0.2 billion based on proposal to modify the Food Stamp 18-50 provisions.

## **BENEFITS FOR IMMIGRANTS PROPOSALS IN THE BALANCED BUDGET AGREEMENT**

- President Clinton strongly objected to the harsh reductions in benefits to immigrants when he signed the welfare reform bill. The budget agreement restores a substantial portion of the benefits cuts enacted in welfare reform.
- The benefit restorations described below would cost \$10 billion between 1998 and 2002.

### **The Budget Agreement Includes the Following Provisions:**

- **Restore benefits for disabled immigrants.** The budget agreement includes the proposals in the President's budget that would restore benefits for 310,000 legal immigrants. All legal immigrant adults who are currently receiving SSI who have become disabled would have their eligibility restored. It would also provide access to SSI for all legal immigrants admitted before immigration policy required sponsors to sign legally binding affidavits of support. This policy will also ensure that these immigrants retain access to Medicaid. However, approximately 100,000 non-disabled elderly would still lose benefits.
- **Benefits for immigrant children would be restored.** SSI benefits for approximately 6,000 legal immigrant children who are currently receiving SSI would be restored. Access to SSI and Medicaid would also be restored for legal immigrant children who arrived before their sponsor was required to sign a legally binding affidavit of support.
- **Extension for Refugees and Asylees.** The welfare bill exempted refugees and asylees from the benefit restrictions for their first 5 years in the country. The agreement would lengthen the exemption for refugees and asylees from 5 to 7 years.

### **New Entrants are an Outstanding Issue:**

Agreement does not exist on how new entrants (those who entered the country after the date of enactment of Welfare Reform, August 22, 1996) should be treated. The Administration supports a policy that exempts new entrants who become disabled after entering the U.S. from the benefit bans. The Administration's policy would deem the income of sponsors who have signed new legally binding affidavits of support.<sup>1</sup> In almost all cases, the deeming of sponsor's income results in immigrants losing eligibility for benefits.

Republicans propose to continue the bans for all new entrants. The Republican proposal would eliminate access to SSI and Medicaid for immigrants who entered after August 22, 1996, even

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<sup>1</sup>Regulations to be issued this month (May, 1997) will implement last year's welfare and immigration reform legislation that require the sponsors of immigrants to sign legally binding affidavits of support.

though immigrants who entered during the last 8 months are not protected by the new legally binding affidavits of support. In addition, the Republican proposal provides no protections for immigrants without sponsors or immigrants who have sponsors who have died or become impoverished. When these immigrants suffer an accident or illness and become disabled, the Republican proposal would provide no guarantee of support.

**Welfare Reform**  
(outlay spending in billions of dollars)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>5-Year Spending</u>	<u>10-Year Spending</u>
Immigrants	--	2.3	2.2	2.1	1.6	1.8	1.8	1.8	1.8	1.7	1.8	9.9	18.9
Food Stamps	--	0.4	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.7	0.7	2.5	5.7
Welfare to Work	--	0.4	0.6	0.8	0.2	--	--	--	--	--	--	2.0	2.0
Welfare reform, net	--	3.1	3.3	3.4	2.3	2.4	2.4	2.4	2.4	2.4	2.5	14.4	26.5

**Description**

***Immigrants***

- Current recipients and new applicants. Restore SSI and Medicaid benefits for all legal immigrant adults who are currently receiving SSI and Medicaid who became disabled after entering the U.S. Provide access to SSI and Medicaid to all legal immigrants who became disabled after entering the U.S. and who are not currently receiving benefits if the immigrant entered before their sponsor was required to sign a legally binding affidavit of support (May, 1997).
- New entrants. Retain SSI and Medicaid for new entrants who become disabled after entering the U.S., but deem sponsors income for those with legally binding affidavits of support from their sponsors.
- Children. Restore SSI for legal immigrant children currently receiving SSI. Provide access to SSI and Medicaid for legal immigrant children who are not currently receiving benefits and do not have legally binding affidavits of support. New entrant children who have legally binding affidavits of support would have the income of their sponsors deemed for SSI and Medicaid.
- Refugees and asylees. Lengthen the exemption for refugees and asylees from the first 5 years in the country to 7 years in order to provide SSI and Medicaid.

### *Food Stamps*

- Redirect \$470 million in existing Food Stamp Employment and Training program funds and add \$750 million in new capped mandatory funding to create an additional 190,000 work slots monthly by 2002 for individuals subject to the time limits. The total cost of \$2 billion includes the cost of providing on-going benefits to individuals fulfilling the work requirements.
- Permit States to exempt 15 percent of the individuals who would lose benefits because of the time limit (at a cost of \$0.5 billion), enabling States to exempt nearly 70,000 individuals who want to work but are unable to find a job within the three-month time limit.

### *Welfare to Work*

- Add \$2.0 billion in capped mandatory spending through 2001 to TANF, allocated to States through a formula and targeted within a State to areas with poverty and unemployment rates at least 20 percent higher than the State average. A share of funds would go to cities with large poverty populations commensurate with the share of long-term welfare recipients in those cities. Among the eligible activities are job retention services; job retention or creation vouchers; and private sector wage subsidies for new jobs lasting 9 months.

May 7, 1997

## WELFARE TO WORK PROVISIONS IN THE BUDGET AGREEMENT

- ✓ **Additional resources to promote work.** Adds \$2.0 billion to the Temporary Assistance for Needy Families (TANF) block grant, to be targeted for work efforts in high-poverty, high-unemployment areas. A share of the additional dollars will go to cities with large poverty populations. These resources will give States and cities the help they need to place welfare recipients living in the most disadvantaged areas into lasting jobs.

These funds could be used for wage subsidies to private employers, transportation and other post-employment supportive services essential for job retention, and other effective job creation and placement strategies.

- ✓ **Extra incentive for employers.** Most welfare recipients want to work. The agreement establishes an enhanced welfare-to-work tax credit, to provide private employers with an incentive to give recipients a chance.

The welfare-to-work tax credit in the budget agreement would allow employers to claim a credit of up to 50 percent of the first \$10,000 in wages paid during a year to a worker who had been on welfare for a prolonged period of time. The credit is available for up to two years per worker, giving employers an incentive to not just hire, but make efforts to retain long-term welfare recipients.

In addition, expands the existing work opportunity tax credit (WOTC) to include, as one of the eligible populations, individuals subject to the "3 in 36" food stamp limit (see below).

- ✓ **Added funding for the food stamp work program.** Last year's welfare reform bill harshly restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they are working. This move ignored the fact that finding a job often takes time. The budget agreement adds \$750 million to the Food Stamp program, and redirects existing program funds, to create 190,000 new work slots for food stamp recipients subject to the "3 in 36" time limit.
- ✓ **Allows States to exempt up to 15 percent of the food stamp recipients who would otherwise be denied benefits as a result of the "3 in 36" limit.**

These two provisions together will preserve food stamps for approximately half of the able-bodied adults who, even though they are willing to work, would otherwise be ineligible for benefits.

# THE WELFARE TO WORK PARTNERSHIP

1250 Connecticut Avenue, N.W.

Suite 610

Washington, D.C. 20036

Phone 202-955-3005 Fax 202- 637-9195

## WHITE HOUSE MEETING

by Eli Segal, Kate Carr

May 8, 1997

### I. ABOUT THE WELFARE TO WORK PARTNERSHIP

The Partnership is an independent, nonpartisan, national effort of the American business community to help move those on public assistance into jobs in the private sector.

On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act ("PWORA"), bringing an end to "welfare as we know it." At that point, the President exhorted the business community to take responsibility for the next phase of welfare reform. The Partnership is one response to that challenge. The tools we are creating will be vital in moving former welfare recipients to productive employment.

We are encouraging companies to hire and retain former welfare recipients without displacing existing workers by providing information, technical assistance, and support for businesses of all sizes, from all industries, and from all areas of the country.

Our founding board members are Burger King Corporation, Monsanto Company, Sprint Corporation, UAL Corporation, and United Parcel Service of America, Inc. Our first-year goal is to build an expanding network of companies committed to welfare reform. Membership is open to all businesses that are committed to hiring welfare recipients or to utilizing their resources to otherwise assist the welfare-to-work challenge.

The Partnership will energize, challenge, and, ultimately, mobilize the business community to hire welfare recipients.

We will help businesses in the following ways:

1. Hold regional challenges to gather businesses that have pledged to hire a certain number of welfare recipients;
2. Hold award ceremonies for companies that have met or exceeded the challenges of hiring welfare recipients;
3. Create a Public Service Announcement ("PSA") campaign to energize communities across the country; and
4. Establish a 1-800 number and provide information such as best practices, company listing by geographic area/industry, and a list of service providers by area that can link businesses with ready-to-work welfare recipients.

The database and a best practices manual are the first major products being produced by the Partnership. The database will be a national resource for employers seeking to access welfare recipients and service providers in all fifty states.

### II. MAY 20, 1997 EVENT AT THE WHITE HOUSE

- A. Announce Partnership and its mission
- B. Announce and introduce Chairman of the Board of Partnership
- C. Expand companies identified with the Partnership from 5 to 100 (or more)

# President Clinton Delivers the First Balanced Budget in A Generation Historic Agreement Promotes the Country's Priorities

*President Clinton has achieved a balanced budget agreement that includes critical investments in education, health care, and the environment while strengthening and modernizing Medicare and Medicaid – just as he promised last year. We have cut the deficit 63% – from \$290 billion in 1992 to \$107 billion last year. This historic achievement will finish the job, giving the American people the first balanced budget in a generation, while meeting the President's goals.*

**GOAL:** To ensure that every 8 year-old can read, every 12 year-old can log on to the Internet, and every 18 year-old can go to college.

- ✓ Largest Pell Grant increase in two decades -- 4 million students will receive a grant of up to \$3,000, an increase of \$300 in the maximum grant.
- ✓ \$35 billion of tax cuts targeted to higher education to make college more affordable for America's families.
- ✓ An America Reads initiative to mobilize a million tutors to help three million children learn to read by the end of the third grade.
- ✓ Expansion of Head Start -- to achieve goal of one million kids in 2002.
- ✓ Doubles funding to help schools integrate innovative technology into the curriculum.

**GOAL:** Expand health coverage for as many as 5 million uncovered children.

- ✓ Medicaid improvements and added Medicaid investments.
- ✓ A new capped mandatory grant program that provides additional dollars to supplement states efforts to cover uninsured children in working families.

**GOAL:** Secure and strengthen Medicare and Medicaid

- ✓ Extends the solvency of Medicare Trust Fund to at least 2007 through long overdue structural reforms.
- ✓ Expands coverage of critical preventive treatments of diseases such as diabetes and breast cancer.
- ✓ Preserves the federal Medicaid guarantee of coverage to our nation's most vulnerable people.

**GOAL:** Strengthen environmental protection and enforcement

- ✓ Accelerates Superfund cleanups by almost 500 sites by the year 2000.
- ✓ Expands the Brownfield Redevelopment Initiative to help communities cleanup and redevelop contaminated areas.
- ✓ Boosts environmental enforcement to protect public health from environmental threats.

**GOAL:** Move people from welfare to work and treat legal immigrants fairly

- ✓ A Welfare-to-Work tax credit to help long-term welfare recipients to get jobs.
- ✓ Restores disability and health benefits for legal immigrants.
- ✓ Restores Medicaid coverage for poor legal immigrant children.
- ✓ Preserves food stamp benefits for people willing to work.
- ✓ Provides States and cities with additional resources to move disadvantaged recipients into jobs.

**GOAL:** Cut taxes for America's hard working families

- ✓ A Child Tax Credit to make it easier for families to raise their kids.
- ✓ \$35 billion of tax cuts targeted to higher education to make college more affordable.
- ✓ A Welfare-to-Work tax credit to help long-term welfare recipients get jobs.
- ✓ Establishes additional Empowerment Zones and Enterprise Communities.

Fact Sheet on the Budget Agreement  
May 2, 1997

- Budget balances by 2002 -- for the first time since 1969

New initiatives

- Agreement provides \$34 billion over 5 years for new initiatives, including:
  - Full funding (\$16 to \$17 billion over 5 years) to provide health insurance for as many as 5 million children
  - Restoring medical and disability benefits to legal immigrants

Discretionary spending

- Non-defense discretionary outlays are within 1 percent of the President's FY 1998 Budget request over 5 years -- protecting education, the environment, international and other priorities
- Defense spending meets President's FY 1998 Budget request (on budget authority)

Entitlement savings

- Medicare savings of \$115 billion over 5 years and long overdue structural reforms, extending the life of the Trust Fund until at least 2007
  - Modernizes Medicare by providing new incentives for managed care and new preventive care benefits (such as for diabetes and breast cancer)
  - Gradually phases in, over time, cost of home health care into Part B premium
  - Expands Medicare low-income protections to 150 percent of poverty threshold
- Reduces Medicaid spending through reductions in DSH payments and increased state flexibility, while maintaining the Federal guarantee. Per capita cap eliminated.

Education

- Largest increase in education spending in 30 years
- \$35 billion for education tax cuts, including the Hope Scholarship and the \$10,000 tax deduction

- Increases maximum Pell grant award to \$3,000
- Fully funds the President's America Reads initiative

#### Environment

- Meets the President's commitments in priority areas, including Superfund and brownfields
- Invests in National Parks and Federal land management

#### Tax cuts

- \$85 billion in net tax cuts, including \$135 billion in gross tax cuts and \$50 billion from revenue raisers and extensions of expiring tax provisions (\$30 billion of which is the extension of the airline ticket tax)
- A majority of the \$135 billion in tax cuts is directed towards middle-income tax relief.

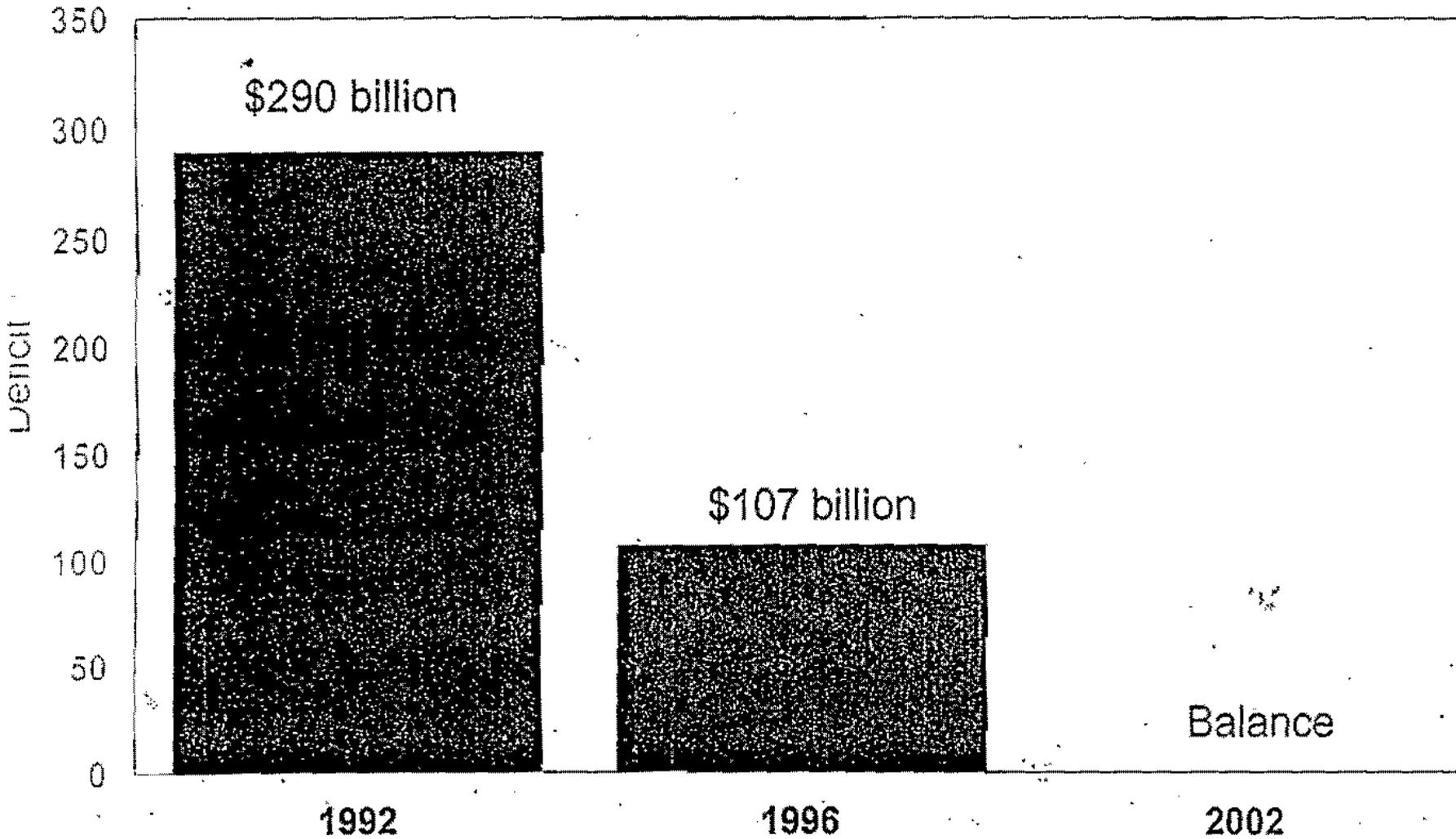
#### COLAs

- Congress will incorporate the impact of expected ongoing improvements at the BLS

#### Welfare reform

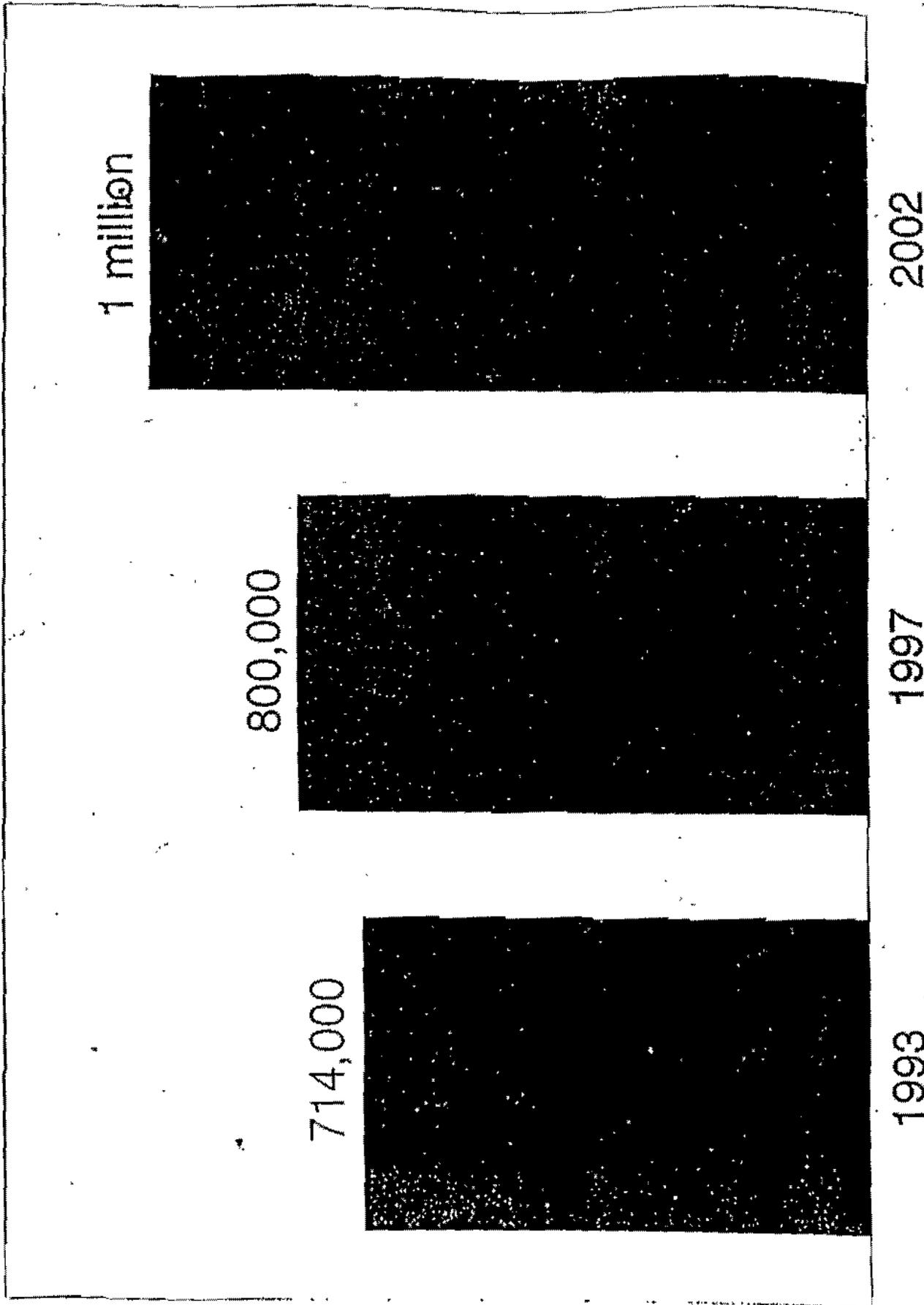
- A welfare-to-work tax credit to help long-term welfare recipients get jobs
- New flexibility for states to provide benefits for poor families

# President Clinton Finishes The Job: First Balanced Budget in a Generation

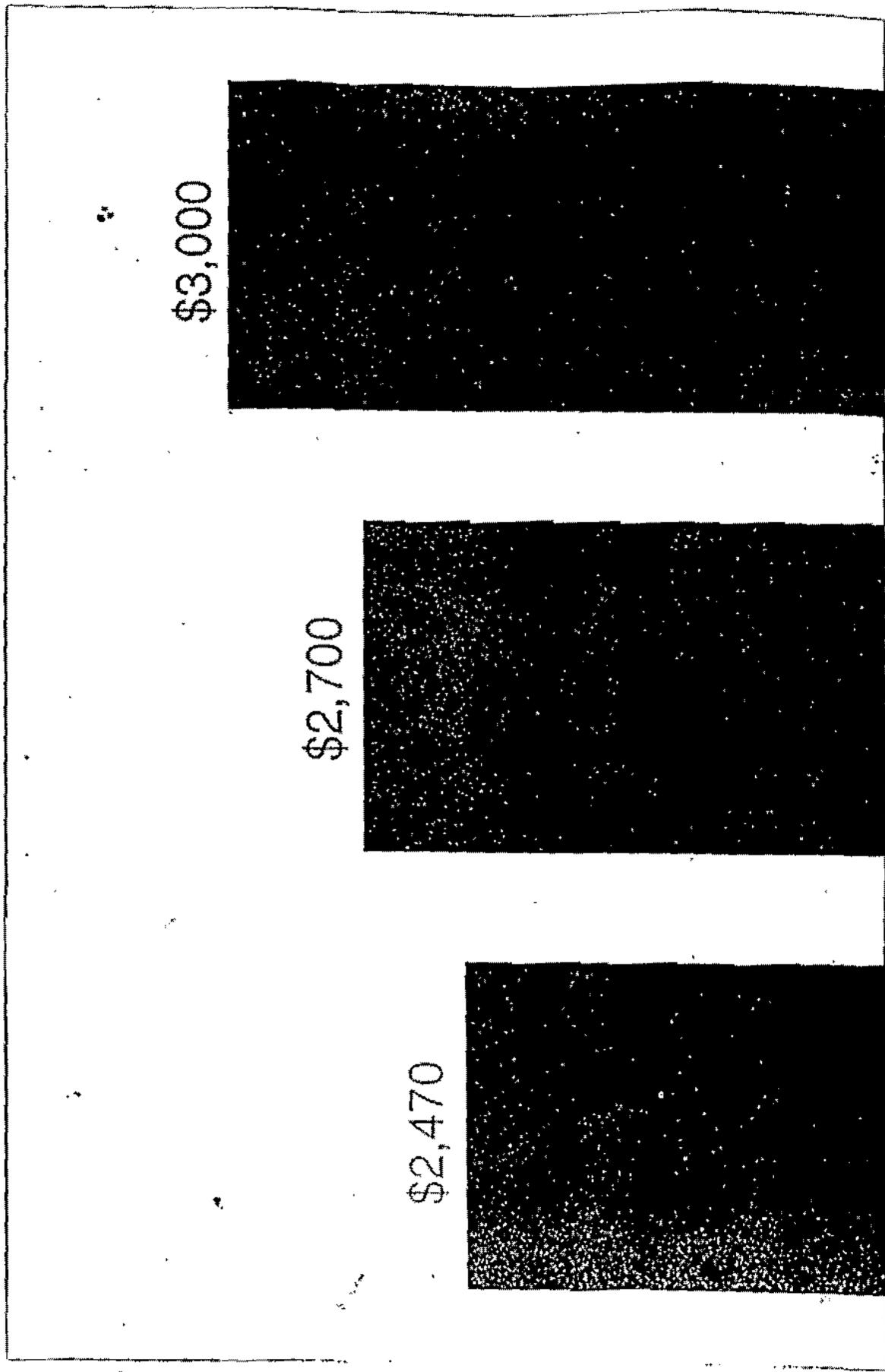


# Residential Priority

## Increase Head Start Enrollment



# Increase Maximum Pell Grant



DOLLARS

From: Kenneth S. Apfel on 05/05/97 03:41:49 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Cynthia A. Rice/OPD/EOP, Gene B. Sperling/OPD/EOP, Jacob J. Lew/OMB/EOP

cc: Melissa Green/OPD/EOP, Jill M. Blickstein/OMB/EOP, Rebecca R. Culberson/OMB/EOP

Subject: Comparison of Benefits for Immigrants Agreement with WR Reductions

Pls. see message below. We're restoring about half the immigrant cuts that were included in last year's welfare bill.

----- Forwarded by Kenneth S. Apfel/OMB/EOP on 05/05/97 03:42 PM -----

**Jack A. Smalligan**  
05/05/97 03:18:12 PM

Record Type: Record

To: Kenneth S. Apfel/OMB/EOP

cc: See the distribution list at the bottom of this message

Subject: Comparison of Benefits for Immigrants Agreement with WR Reductions

CBO scored the benefit for immigrants SSI, Food Stamps and Medicaid cuts at \$22.2 billion from 1997 to 2002, \$21 billion from 1998 to 2002. Though we have not seen a new estimate these savings would drop somewhat -- to about \$20 billion -- because CBO's new baseline assumes higher naturalization rates, similar to the OMB baseline assumptions.

The \$20 billion compares with \$10 billion in restorations in the balanced budget agreement. The main differences are in the following (rounding to the billion):

-\$4 billion lower because of no restorations in Food Stamps.

-\$3 billion lower in SSI because benefits are not being restored for non-disabled elderly and new entrants will be subject to deeming if their sponsor signed the new legally binding affidavit of support.

-\$3 billion lower in Medicaid because of the deeming policy for new entrants (and to a very small extent lower SSI related Medicaid costs from the non-disabled elderly).

Message Copied To:

Barry White/OMB/EOP  
Keith J. Fontenot/OMB/EOP  
Joseph M. Wire/OMB/EOP  
Katie Hong/OMB/EOP  
Jill M. Pizzuto/OMB/EOP

**LEGAL IMMIGRANTS AND WELFARE REFORM**

4/29/97

**Q:** This morning, the Senate Appropriations Committee will take up a supplemental appropriations bill that includes \$125 million for benefits for legal immigrants. Does the President support this?

**A:** The President is glad that members of Congress and Governors and state legislators and county officials and mayors -- both Republicans and Democrats -- are gaining a new realization of the impact of the cuts to legal immigrants that were wrongly included in last year's welfare reform bill. Many state and local officials are now looking more carefully at their budgets and the potential costs of assisting disabled legal immigrants, many in nursing homes, without federal help. There are now less than 100 days before August 1st, when many disabled individuals will lose their SSI and Medicaid benefits.

Needless to say, a \$125 million appropriation is a band-aid approach. Such a small sum would meet only a fraction of the need. Most states don't have a mechanism in place to distribute the funds to those in need -- it would make more sense to restore SSI benefits than ask states to create new bureaucracies.

The President has put a comprehensive \$14.6 billion proposal on the table that restores the worst cuts to legal immigrants enacted last year. We encourage the Republican leadership to work with us in the context of budget negotiations to provide medical and other vital assistance to legal immigrants who work hard, pay taxes and contribute to American society and fall on hard times through no fault of their own.

## Work Opportunity Tax Credit Proposals

	(\$ in millions)					
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>'98-'02</u>
Current law:	147	87	29	9	1	273
Welfare-to-Work Proposals, 3 Years:						
Long-term welfare	32	68	84	67	36	287
Food stamps, 18-50	36	69	79	55	26	265
Total	68	137	163	122	62	552
Extension of Core						
WOTC, 1 Year:	128	157	93	31	10	419
Total, Proposals:	196	294	256	153	72	971

As a complement to the additional spending proposed for helping welfare recipients with job training and for job creation, the Budget proposes several changes to the Work Opportunity Tax Credit (WOTC). The WOTC is one tool in a diverse toolbox of flexible strategies designed to help people move from welfare to work and gain on-the-job experience. The WOTC initiatives proposed by the Administration join other education and job initiatives that will help welfare recipients make the transition to gainful employment. These changes provide tax incentives for employers to create new job opportunities for long-term welfare recipients and certain recipients of Food Stamps.

### Welfare-to-Work Proposals:

- Long-Term Welfare Recipients. The Budget would create a much-enhanced credit that focuses on those who most need help -- long-term welfare recipients. The new credit would allow employers to claim a 50% credit on the first \$10,000 in wages paid to an eligible hire for the first two years on the job. Wages include the costs of training, health benefits, and child care. The credit would be available for three years, through September 30, 2000.
- Food Stamp Recipients. The Budget also expands the existing WOTC tax credit by including able-bodied childless adults who, under the Administration's Food Stamp proposal, would face a more rigorous work requirement in order to continue receiving Food Stamps. This credit also would be available for three years and would be the same as the existing WOTC -- 35% of the first \$6,000 of first-year wages.

### Extension of the Core WOTC:

- The Budget includes a 1-year extension through September 30, 1998, of the core WOTC. This extension provides a transition between the current tax credit to the expansion for the population affected by welfare reform noted above.

Improvements in the WOTC:

The WOTC, authorized in the Small Business Job Protection Act of 1996, replaced the Targeted Jobs Tax Credit (TJTC) and includes many changes that will make it a better and more effective job creation credit. These include:

- Reducing potential windfalls to employers by increasing the pre-screening of applicants. Employers and job applicants must sign a form which acknowledges that pre-screening for WOTC eligibility has occurred before the job offer was made. Employers are required to seek certification for the tax credit within three weeks of the hiring date. Under the TJTC, pre-screening was not required.
- Reducing job churning by increasing the time an individual must be employed. Under the TJTC, the minimum employment period required before an employer could claim the credit was 120 hours. Under WOTC, it is 400 hours. This longer retention increases the prospect of a long-term attachment to the employer, provides more on-the-job experience, and is beneficial to both the employer and employee.

I:\DATA\WTWJOBS\WOTC\_1.WPD

## Agreement on Principles in Congressional Welfare-To-Work Proposals

Since the President's August 1996 call for a Welfare-to-Work Jobs Challenge, Congress has developed two preliminary draft proposals to provide additional incentives to move welfare recipients into work. One of these draft proposals has been developed by Rep. Charles Stenholm, and the other by the staff of Senate Minority Leader Tom Daschle.

While the proposals differ in certain details, they embrace key Administration principles for moving welfare recipients into lasting jobs. The Administration looks forward to working with Congress to build on these principles and to develop a Welfare-to-Work Jobs Challenge that can be enacted with broad bipartisan support. Key features supported by the Administration include:

- **Resources to Create New Incentives for States, Communities, and Employers.** New funding in concert with TANF is needed to establish a coordinated effort offering strong incentives for States, communities, and businesses to move welfare recipients into work. Both Congressional proposals would provide more than \$3 billion to help meet the challenge of placing welfare recipients in lasting jobs.
- **Emphasis on Long-Term Welfare Recipients.** Welfare reform's success hinges on the ability to help the hardest-to-employ people -- long-term recipients -- get and keep jobs. The Welfare-to-Work Jobs Challenge must place a specific emphasis on moving long-term welfare recipients into jobs and providing the incentives and supports to keep them off welfare in the long run. Both Congressional proposals strongly support the goal of targeting long-term welfare recipients.
- **Assistance to Large Urban Areas.** Cities and communities must be a part of efforts to create jobs and place welfare recipients in work. The Congressional proposals build in mechanisms to ensure that funds flow to urban areas where assistance is needed most.
- **Bonuses to Encourage and Reward Performance.** States and communities must be given incentives to develop high performing welfare-to-work initiatives. A bonus system will encourage States to move more welfare recipients into long-lasting jobs. Both proposals establish bonus systems to reward the successful placement of long-term welfare recipients.
- **Flexibility for States and Communities to Design Programs Tailored to Their Own Needs.** One-size-fits-all programs will not work. States and communities need flexibility to develop innovative job placement and job creation strategies that reflect their own needs and circumstances. The Congressional proposals give States and communities wide latitude to design welfare-to-work strategies best suited to local needs.
- **Labor protections.** Welfare reform must be implemented in a way that respects the rights of all workers. The Congressional proposals include strong assurances of nondisplacement, nondiscrimination, and grievance procedures.

- **Vouchers.** The Administration supports voucher-like arrangements to empower welfare recipients with the tools and choices to help them get jobs and keep them. Both Congressional proposals include vouchers to help individuals become employed in the private sector.

The Administration strongly supports these principles and looks forward to working with Congress to develop broad bipartisan support for the Welfare-to-Work Jobs Challenge.

## TREATING LEGAL IMMIGRANTS FAIRLY: SUMMARY

*"We must join together to do something else, too, something both Republican and Democratic Governors have asked us to do: to restore basic health and disability benefits when misfortune strikes immigrants who came to this country legally, who work hard, pay taxes and obey the law. To do otherwise is simply unworthy of a great nation of immigrants."*

-President Clinton, 1997 State of the Union.

Restoring fair treatment for legal immigrants is a key part of the President's agenda this year.

The President's budget proposal makes good on his promise to correct the welfare law's harsh provisions on legal immigrants -- provisions that punish children and legal immigrants with severe disabilities, and burden State and local governments. The welfare law denies most legal immigrants access to fundamental safety net programs unless they become citizens -- even though they are in the U.S. legally, are responsible members of our communities, and in many cases have worked and paid taxes. These provisions have nothing to do with the real goal of welfare reform, which is to move people from welfare to work.

- The President's budget proposes to restore Supplemental Security Income (SSI) and Medicaid to legal immigrants who become disabled after they entered the country and to legal immigrant children. This country should protect legal immigrants and their families -- people admitted as permanent members of the American community -- when they suffer accidents or illnesses that prevent them from earning a living. Similarly, the country should provide Medicaid to legal immigrant children if their families are impoverished.
- The President proposes to extend the SSI and Medicaid eligibility period for refugees and asylees from 5 to 7 years, to give that vulnerable group additional time to naturalize.
- Finally, the budget proposes to delay the ban on Food Stamps for legal immigrants from April to September 1997 to provide more time for immigrants who are in the process of naturalizing to complete the process.

The President's proposal would reinstate SSI eligibility for approximately 320,000 severely disabled legal immigrants. Of these 320,000 immigrants, the budget restores Medicaid coverage to 195,000 disabled legal immigrants. In addition, the proposal restores Medicaid coverage to about 30,000 non-disabled legal immigrant children. The cost of these immigrant proposals is \$14.6 billion over 5 years -- \$9.7 billion in SSI costs, and \$4.9 billion in Medicaid costs.

In January, the National Governors' Association agreed that the legal immigrant provisions of the welfare law will cause a considerable cost shift to some states and expressed concerns about the effect of the law on aged and disabled legal immigrants. Providing state-funded benefits to this needy population will divert resources from job training and child care -- which are critical to moving people from welfare to work. The NGA passed a resolution asking Congress and the President to work together to find an equitable solution for states and vulnerable legal immigrants without reopening the welfare reform debate. The President's proposal would do just that.

**TREATING LEGAL IMMIGRANTS FAIRLY:  
RESTORING BENEFITS FOR LEGAL IMMIGRANTS WITH SEVERE DISABILITIES**

The President's budget would restore SSI benefits for 312,000 legal immigrant adults who become disabled after their entry into the U.S., in recognition of the fact that they cannot provide for their own support through work. Of those 312,000 legal immigrant adults, approximately 195,000 adults would have Medicaid coverage restored.

Denying SSI eligibility to aged and disabled legal immigrants has nothing to do with welfare reform. Barring legal immigrants who played by the rules and entered the country according to our laws from programs available to all other taxpayers is unfair and shortsighted.

- Approximately 900,000 SSI recipients are now receiving notices that they are at risk of losing their benefits, unless than can show that they are citizens or are in one of a narrow group of exceptions. Under current law, over 400,000 legal immigrants will lose their SSI benefits in August and September of this year.
- Disabled legal immigrants who have sponsors can turn to them for assistance, but many sponsors can't afford the extra costs associated with a disability. In addition, an estimated 44% of legal immigrants, such as refugees, never had sponsors in the first place. Others had sponsors who have died or ceased to support them.
- Many disabled legal immigrants are elderly and reside in nursing homes or assisted living facilities. Without SSI cash assistance, they may face eviction from assisted living arrangements. About 39,000 legal immigrants are in nursing homes and a large number have difficulties with the activities of daily living.
- Nearly 70% of legal immigrants on SSI are over age 65; nearly 30% are over 75 years of age.
- Without SSI payments, state and local governments and private charities will become the prime source of assistance to legal immigrants with severe disabilities.
- In addition, under current state Medicaid plans, it appears that some states may have no provision to continue Medicaid coverage for legal immigrants who lose their SSI. In some states, disabled recipients who lose their SSI may also be without any help for medical expenses.

## **TREATING LEGAL IMMIGRANTS FAIRLY: PROTECTION FOR LEGAL IMMIGRANT CHILDREN**

The President proposes to restore SSI and Medicaid for legal immigrant children.

- The welfare reform law denies SSI and Medicaid to many legal immigrant children who become seriously ill, or have an accident and become disabled, and whose families fall on hard times. It also denies preventive services under Medicaid to legal immigrant children, likely leading to more costly health problems in the future. This policy threatens the health and well-being of a very vulnerable population -- legal immigrant children of low-income parents who need medical services or cash assistance (if disabled), and cannot work their way out of need. We all lose if we deny future citizens the care and support that all children need.
- Under the President's proposal, legal immigrant children would continue to be eligible for SSI and Medicaid. In FY 1998, this proposal would protect SSI and Medicaid eligibility for about 8,000 disabled legal immigrant children, and ensure medical care for about another 30,000 non-disabled children. Existing program income eligibility rules are not affected; only legal immigrant children who are members of low-income families would be eligible for the restored SSI and Medicaid.
- The President's proposal does not undermine or "reopen" welfare reform. The welfare reform provisions denying assistance to legal immigrant children have nothing to do with the central goal of welfare reform: moving people from welfare to work. Instead, the President's proposal protects access to health care for vulnerable low-income children who are permanent members of this nation's communities, cannot work, and do not have any other means of health care. It also protects cash assistance for low-income immigrant children with severe disabilities.
- It is important to note that legal immigrant children cannot become naturalized citizens unless both parents are citizens, or the surviving or custodial parent is a citizen. Therefore, unlike adult legal immigrants, children immigrants do not have an independent avenue to naturalization. For example, orphaned immigrant children must be adopted by a U.S. citizen in order to be classified as a citizen.
- The SSI and Medicaid costs associated with these immigrant children are about \$400 million over 5 years. This policy will ensure that low-income immigrant families with severely disabled immigrant children continue to have a safety net of SSI and Medicaid. It also guarantees that non-disabled legal immigrant children are protected by the Medicaid benefit package, which provides on-going assistance for children suffering from chronic asthma, screening for developmental disabilities, and well-child and preventive care to prevent the need for intensive and costly care in the future.

## **TREATING LEGAL IMMIGRANTS FAIRLY: EXTENDING ELIGIBILITY FOR REFUGEES**

- As a nation of immigrants, this country has a long-standing policy of welcoming to this country refugees and asylees who are fleeing persecution in their home country, and helping them resettle in their new home.
- Under the welfare law, refugees and asylees are exempt from SSI and Medicaid eligibility restrictions for the first 5 years that they are in the U.S. However, after 5 years, needy refugees and asylees would be denied SSI benefits, and Medicaid coverage is a state option rather than guaranteed.
- The President's proposal would extend from 5 to 7 years the period of SSI and Medicaid eligibility for refugees and asylees. This extension would alleviate current hardships while providing elderly refugees an extra 2 years to learn English well enough to naturalize. This policy would cost about \$700 million over 5 years, and protect eligibility for about 17,000 refugees and asylees in FY 1998.
- Few refugees arrive with any financial assets that can be used for self-support. In addition, refugees do not have sponsors.
- Refugees and asylees need a longer eligibility period for assistance than other legal immigrants because of the circumstances that bring them to this country in the first place. Refugees and asylees come to the U.S. with a history of persecution in their country of origin. These individuals frequently experience greater difficulties putting their lives together and becoming self-supporting than other legal immigrants. About one-half of refugees speak little or no English when they arrive here; only about one-tenth speak English fluently.
- Elderly refugees are a particularly vulnerable group. SSA data indicate that of the estimated 58,000 elderly refugees who will lose their SSI eligibility in August/September 1997, 24,000 are aged 75 or older. An estimated two-thirds (38,000) of the 58,000 are severely disabled.
- Generally, refugees and asylees may apply for citizenship after residing in the United States for 5 years. However, the naturalization process can take up to a year, or more. Therefore, individuals who entered the U.S. as refugees or asylees will lose their SSI -- and potentially their Medicaid -- before completing the application process for citizenship, even if they apply for citizenship as soon as they meet the 5 year residency requirement. Also, many elderly refugees are not able to acquire sufficient English language skills in this period of time to pass the citizenship test.
- In refugee communities, the pending loss of SSI and Medicaid and the inability to become naturalized citizens is a major concern. Elderly refugees are understandably terrified that they will be left destitute and homeless.

## **TREATING LEGAL IMMIGRANTS FAIRLY: THE FOOD STAMP PROGRAM**

The welfare reform law made most legal immigrants ineligible to participate in the Food Stamp Program. It was effective immediately for new applicants and at the next recertification for already participating non-citizens.

Concerned about the impact of the law on legal immigrants, who are in the country legally and, in many cases, work and pay taxes, the Administration has worked since the passage of the law to ensure fairer treatment for legal immigrants.

- As an immediate first step, on the day he signed the law the President signed a directive instructing USDA to allow states to extend the certification periods (the time during which people are authorized to receive benefits) of currently participating non-citizens in order to ensure that their recertification be made fairly and accurately. USDA responded by issuing a memorandum to all state agencies on August 26, 1996 that waived Food Stamp regulations and allowed state agencies to extend the certification periods of all households containing participating noncitizen members up to the maximum time permitted by law -- 12 months (24 months in the cases of households with all elderly or disabled adult members), though not beyond August 22, 1997.
- The President then signed the Omnibus Consolidated Appropriations Act on September 30, 1996, which delayed implementation of the welfare law's provisions for participating legal immigrants until April 1, 1997. As a result, state agencies must redetermine the eligibility of all legal immigrant recipients between April 1, 1997 and August 22, 1997. USDA provided written guidance on implementing the new law to State agencies on October 2, 1996.
- On October 18, 1996, USDA provided written guidance to State agencies on how to implement the provision allowing legal immigrants who have worked or can be credited with 40 quarters of qualified work to receive food stamps. USDA authorized certification pending verification for immigrants who, alone or in combination with parents and/or spouse, have spent sufficient time in the U.S. to have acquired 40 quarters of coverage. These individuals need only to attest to 40 quarters of qualifying work at the time of application to meet the 40 quarters test, with subsequent verification by SSA.
- USDA has been working closely with states to develop ways to manage certification periods to ensure that legal immigrants can continue to participate in the Food Stamp Program through August 1997. Thirty-eight states continue to use the certification period waiver to extend benefits.
- Finally, the President's budget includes a provision that would extend participation of certified legal immigrants through the end of fiscal year 1997, thus providing them more time to naturalize or to achieve the needed 40 quarters of work to qualify for the program.

## COST OF IMMIGRANT PROPOSALS

### QUESTION:

How much does your Budget spend on restoring welfare benefits to legal immigrants?

### ANSWER:

- ▶ The President's Budget assists those legal immigrants who, through no fault of their own, are unable to work: children and individuals who are disabled.
- ▶ The President's immigrant proposals total \$14.6 billion over five years FY 1998-2002, \$4.9 billion are Medicaid costs. The President's budget seeks to:
  - ▶ **Restore SSI and Medicaid eligibility for disabled immigrants (\$13.7 billion SSI and Medicaid costs).** The welfare law would discontinue SSI and restrict Medicaid benefits for legal immigrants, including the disabled and children. The President's budget would continue to provide SSI and Medicaid for 320,000 legal immigrants who become disabled after they enter the country and exempt them from the new deeming rules.
  - ▶ **Restore Medicaid eligibility for non-SSI immigrant children (\$.2 billion Medicaid costs only).** The Administration's budget would restore Medicaid eligibility to approximately 30,000 immigrant children, if they are otherwise eligible, and exempt them from the new deeming rules.
  - ▶ **Extend the refugee exemption period from 5 to 7 years (\$0.7 billion SSI and Medicaid costs).** The President's budget would lengthen the exemption period for refugees and asylees from 5 to 7 years. The 5 year exemption in the welfare law does not provide enough time for refugees and asylees to become citizens.
  - ▶ **Delay the Food Stamp ban until the end of FY 1997 ( \$0.2 billion - these costs are incurred in FY 1997) .** The welfare law denies Food Stamps to most legal immigrants currently receiving benefits and future applicants, affecting a million immigrants. Last year's Omnibus Consolidated Appropriations Act delayed the ban from January 1, 1997 to April 1, 1997 to give immigrants in the process of naturalizing more time to complete the process prior to having their benefits eliminated. Recognizing the effort that many are making to become citizens, this proposal would further extend the delay to the end of FY 1997.

## STATE AND LOCAL IMPACTS OF NEW IMMIGRANT RESTRICTIONS

### QUESTION:

What is the impact of the new immigrant eligibility restrictions on state and local governments and other service providers?

### ANSWER:

- It is difficult to predict with any precision. However, CBO estimated total federal budget savings (through FY 2002) of nearly \$24 billion from the passage of these provisions of welfare reform, and state and local governments will now have to decide how much of their own assistance they will provide to legal immigrants in order to replace this huge withdrawal of federal assistance.
- Even though states and localities are provided options to deny various assistance to legal immigrants similar to that enacted for federal programs, it is unclear whether they will take such a course. Many of the legal immigrants are likely to remain residents of the state and denying them fundamental safety net assistance will merely result in other costs such as increased public health threats, increased homelessness and hunger, etc.
- Some states have constitutions that would require state and local governments to provide assistance.
- The Medicaid restrictions in particular, but also the SSI restrictions, could adversely affect the revenues of hospitals and other health providers (such as nursing homes and doctors) in high-immigrant communities.
- Therefore, these provisions represent a significant cost-shift from the federal government to state and local governments.
- States (and localities) with large immigrant populations will be affected disproportionately by the new restrictions (e.g., California, New York, Texas, Florida, Illinois, New Jersey, and Massachusetts).

## OPENING UP WELFARE REFORM?

### QUESTION:

Aren't you opening up the welfare reform bill with your immigrant proposals?

### ANSWER:

- ▶ No. The President remains firmly committed to implementing the welfare reforms he signed into law last year.
- ▶ But the immigrant restrictions of the new welfare law never had anything to do with the central goal of welfare reform -- moving welfare recipients from welfare to work. This is **not** an effort to "open up" welfare reform, but an effort to restore benefit cuts that were attached to welfare reform for budgetary reasons and shouldn't have been part of the bill to begin with.
- ▶ Legal immigrants work hard, pay taxes and contribute to American society. Immigrant children and disabled immigrants who fall on hard times through no fault of their own should get medical and other vital assistance when they need it.

## NGA PROPOSAL AND IMMIGRANTS

### QUESTION:

The Governors asked the Administration to work with them and the Congress to "meet the needs of aged and disabled legal immigrants who cannot naturalize," but specifically stated we did not need to reopen welfare reform to do it. Why then does the Administration propose to reopen welfare reform and make costly changes that would give welfare to immigrants?

### ANSWER:

- ▶ The Administration is firmly committed to the major reform of welfare the President signed into law last year. However, the Administration's proposals do not reopen welfare reform.
- ▶ But the immigrant restrictions of the new welfare law had nothing to do with the central goal of welfare reform -- moving welfare recipients from welfare to work. This is **not** an effort to "open up" welfare reform, it is an effort to restore benefit cuts that should not have been in the welfare bill to begin with.
- ▶ Legal immigrants work hard, pay taxes and contribute to American society. Immigrant children and disabled immigrants who fall on hard times through no fault of their own should get medical and other vital assistance when they need it.
- ▶ The Administration's immigrant proposals are responsive to the concerns noted by the Governors and we welcome the opportunity to work with them and the Congress to rectify some of the unfair burdens placed on immigrants and the communities they live in.
- ▶ Our budget addresses the needs of immigrants disabled after entry by reinstating their eligibility for SSI and Medicaid; exempts all legal immigrant children from SSI and Medicaid eligibility restrictions; extends SSI and Medicaid eligibility for refugees from 5 to 7 years; and delays the Food Stamps cut-off until the end of the FY 1997.
- ▶ These proposals would restore aid to these most vulnerable people who need assistance through no fault of their own.
- ▶ In addition, our proposal is responsive to the NGA statement that the immigrant provisions represent a considerable cost shift to state and local governments. The Administration's proposals significantly reduce the burden on state and local governments.

## WHY NOT A BLOCK GRANT?

### QUESTION:

Why not just establish a block grant to the States to assist them in providing services to those legal immigrants who lose SSI?

### ANSWER:

- There is no infrastructure in place at the state level to deliver income support to the disabled population. In many states, it is local government that directly provides health care to the indigent.
- Charity organizations may become these immigrants' only source of income support. Under a block grant that provides funds to State governments, it is not clear how the funds would reach those private organizations that actually provide the services.
- The history of using block grants to provide services to immigrants is discouraging. It has been attempted before without good results. The block grant created by the 1986 immigration reform law was the State Legalization Impact Assistance Grants (SLIAG) program, and it proved to be an inefficient method of assisting the States and very difficult for them to manage. In addition, although SLIAG was federally funded, its appropriation in the third year was reduced by almost two-thirds to support discretionary spending elsewhere. By the fifth year, SLIAG funding was reduced to zero.
- A block grant of the size being discussed (\$2-3 billion) would meet only a small fraction of the need. Such a small block grant would either be concentrated in a few areas, leaving many communities unassisted, or it would be spread so thin that heavily affected areas would receive only a tiny fraction of the help they need.
- It appears that any new block grant would be only temporary, i.e., for two or three years. This will just leave those legal immigrants that a block grant is able to reach without support two years from now.
- The best solution is to retain eligibility for the most vulnerable immigrants -- those legal immigrants who become disabled after entering the United States, refugees, and immigrant children -- within the existing Federal social safety net.

## MAKING SPONSORS RESPONSIBLE

**QUESTION:** Why shouldn't immigrants be taken care of by the sponsors who agreed to take care of them?

**ANSWER:**

- We agree that sponsors need to be held responsible and accountable. That's why we support the new law requiring all family-based and some employment-based immigrants to have legally binding affidavits of support.
- However, nearly all legal immigrants now in the U.S. either have sponsors who are not legally obliged to support them or have no sponsors at all.
- Sponsors of immigrants who arrived before welfare reform signed affidavits of support that are not legally binding and therefore do not obligate them to provide support or to reimburse for public assistance.
- And recent INS estimates of all FY 1994 non-refugee immigrants found that nearly half--or 44 percent--did not have sponsors.
- Our proposal would exempt from these harsh new rules only those legal immigrants who become disabled after entry into the U.S. or legal immigrant children. Sponsors of legal immigrants who become disabled after entry have no possible way of planning for the costly care that results from an unforeseen severe disability.
- We think it is unfair to impoverish such sponsors beyond regular program requirements for family income, or to withdraw assistance from disabled immigrants who have never had sponsors.
- Under the new deeming rules, not only must sponsors impoverish themselves so that immigrant family members are eligible for SSI and Medicaid assistance, but they are also liable to repay the amount of assistance received by such family members when these rules have made them least able to make repayments.
- Similarly, sponsors of immigrant children--like many working parents, both citizens and legal immigrants--have difficulty affording health insurance and would be overwhelmed by health care expenses arising from severe illnesses or injuries suffered by their children (for example, children who suffer from leukemia or serious head injuries).
- Denying Medicaid to legal immigrant children whose families have fallen on hard times threatens the health and well-being of an extremely vulnerable population, and likely leads to more costly health care in the future.

## IS THERE A TANF SURPLUS?

**QUESTION:** Won't the surplus from TANF be sufficient to allow states to provide benefits to legal immigrants?

**ANSWER:**

- No.
- **It's not a surplus.** TANF block grant levels are held flat based on state AFDC, JOBS, and Emergency Assistance spending during 1992-1995. Because AFDC caseloads have gone down, we can expect that the cost to states of AFDC-type *benefit* payments over the next few years should be lower than they were in 1992-1995. However, the funds are needed to support the transition from welfare to work.

When TANF was established, the states and the Congress realized that, as compared to the AFDC system, more funds would be needed in the early years to move families from welfare to work. Because of the recent decline in AFDC caseloads, states are in an especially good position to begin the historic transformation from a welfare program to a jobs program.

This is because any decrease in the total amounts states spend on direct benefits will help states meet critical needs and afford the increased costs of providing training, child care, creating jobs in high-unemployment areas, and other assistance needed to support the transition from welfare to work. Therefore, moving recipients into the workforce will not produce short-term savings.

While the block grant levels for each state do not increase from FY1997 through FY2000, required work participation rates increase from 25 to 50 percent, and required hours of work per week increase from 20 to 30 over that time period. There will be increased child care costs associated with these requirements. In addition, inflation will raise costs for services and may lead to increased nominal per-capita benefit costs. Finally, if there is a recession, we can expect that the pool of families needing TANF assistance will increase.

- **This is only the beginning of welfare reform.** To fulfill the central goal of welfare reform -- moving people from welfare to work -- we must make sure that the tools to achieve it are available to states and communities. States will have to use their financial resources to provide supports like job training and child care necessary to move large numbers of single parents from welfare to work. And it will require an unprecedented commitment from business, non-profit organizations, and religious institutions. That's why the President's budget includes over \$3 billion for grants, as well as expanded tax incentives, to support states, cities, and the private sector in creating job opportunities for the hardest to employ welfare recipients. In fact, Republicans and Democrats in Congress have made this a priority area for bipartisan discussion on the budget.

- **After caseload decline, many hard-to-place recipients remain on the rolls.** Now that caseloads are down, states are likely to find that they are now reaching the harder to place people, which will lead to increased costs. The legislation says this is a critical investment for us to make -- we need to expect work, and we need to provide the supports necessary for families to move from welfare to work.
- **Cuts in assistance to legal immigrants are a cost-shift to states.** As the National Governors Association has said, the welfare reform restrictions on federal assistance to legal immigrants is a considerable cost-shift to states. If states divert financial resources to legal immigrants, they may not have sufficient resources for job training and child care necessary to move large numbers of parents from welfare to work.
- **Even under the old system, benefits are only part of the equation.** The TANF block grant combined funds for AFDC benefits with JOBS funds, Emergency Assistance funds, and funds for administration. Although AFDC benefit expenditures have declined, expenditures for other activities, such as Emergency Assistance, have increased substantially. Therefore, the effect of flat-funding TANF at 92-95 levels only provides unanticipated funds under one part of the equation -- benefit payments. Increased expenditures for other activities have to be paid from the TANF block grant.
- **Different states are in very different situations.** Some states have especially great needs for services, or smaller reductions in caseloads, or other special circumstances like areas of rural poverty which might need greater investments in economic development or transportation. Similarly, about 80 percent of all legal immigrants reside in only six states -- CA, NY, TX, FL, NJ, and IL. That's why some Governors, like Governors Pataki, Bush, and Chiles, have been so clear about the need for additional resources. In addition, because the decline in AFDC caseloads since 1995 has not been uniform across states, the financial impact of TANF will vary considerably across states.

## INCREASE OF NON-CITIZENS ON SSI ROLLS

### QUESTION:

What explains the increase in the number of non-citizens on the SSI rolls?

### ANSWER:

The number of non-citizens on the SSI rolls has increased along with the number of legal immigrants admitted into the United States. Since 1980, the percentage of foreign born persons living in the U.S. has grown from slightly less than 4 percent of the U.S. population to over 9 percent of the U.S. population, according to the Bureau of the Census.

Given the increase in immigration, it is not surprising that there has been an increase in the numbers of non-citizens on the SSI rolls over the past 13 years. However, the number remains a small percentage of the total SSI rolls, rising from 3 percent in 1982 to a little over 12 percent in 1995.

Statistically, the largest increase in noncitizen participation has been seen in the aged recipient population. But this increase should be viewed in the same context. Over this same 13-year period, the number of aged citizen recipients has been declining, because most citizens aged 65 and older now receive Social Security benefits that are large enough to preclude SSI eligibility. Participation of aged citizens has dropped from almost 1.5 million in 1982 to a little over 987,000 in 1995, a decline of 32 percent. Therefore, the increase in the percentage of aged noncitizens on SSI is due both to the decrease in the number of citizen aged, as well as to the increase in the number of noncitizen aged.

In addition, the number of aged non-citizens newly awarded benefits each year has declined from about 73,000 in 1993 to just a little over 46,000 in 1995, a decline of 37 percent.

## REFUGEE ELIGIBILITY EXTENSION

### QUESTION:

What accounts for the high welfare utilization rates among refugees?

### ANSWER:

- ▶ By definition, refugees and asylees are individuals who come to our country to escape persecution in their country of origin. These individuals have generally experienced war or other violent trauma requiring medical and income assistance. They often need more time to put their lives together and become self-supporting than other legal immigrants.
- ▶ About one-half of refugees speak little or no English at arrival; only about one-tenth speak English fluently.
- ▶ Therefore, we believe refugees and asylees need a longer eligibility period for assistance than other qualified aliens because of the unique circumstances that bring refugees and asylees to the U.S.
- ▶ Under the President's proposal, refugees and asylees would get an additional two years of eligibility, to provide additional time to enable them to naturalize or to achieve stable self-support. The President's budget proposal would extend refugees' eligibility for SSI and Medicaid benefits from 5 to 7 years.
- ▶ The longer time period is particularly important because more recent refugee populations have included larger numbers of older and elderly individuals who require a longer time to adjust.
- ▶ Finally, refugees are not even eligible to apply for naturalization until they are near the end of their 5 years residence. Since the processing time for naturalization applications is now about 1 year, this extension from 5 to 7 years is necessary to physically permit refugees to comply with INS procedures without being denied crucial services during the interim.

## WHY NOT ALL ELDERLY?

### QUESTION:

Why didn't the Administration request reinstatement of eligibility for all elderly non-citizens?

### ANSWER:

- Within the context of balancing the federal budget by FY2002, the Administration proposal targets the most vulnerable legal immigrants affected by welfare reform -- disabled adults, including the elderly, and children -- and reinstates their SSI and Medicaid eligibility.
- Under the Administration plan, all legal immigrants over the age of 65 who are disabled will qualify for benefits -- including the majority of the elderly on SSI.

April 25, 1997

MEMORANDUM FOR: BRUCE REED, ELENA KAGAN, DIANA FORTUNA  
FROM: CYNTHIA RICE  
SUBJECT: BUDGET NEGOTIATIONS

Attached is paper describing the next planned counter-offer for welfare to work, legal immigrants, and food stamps. This paper is close hold; it has not been shared outside the building yet nor do many people inside have it. Changes are all along the lines we've discussed:

- Folding \$3 billion welfare to work into TANF, but continuing to earmark it for work in high unemployment/high poverty areas;
- Trimming our legal immigrants proposal by lowering and time limiting benefits for disabled immigrants with sponsors who applied for benefits after August 1996;
- Modifying our food stamp proposal to increase funding for food stamp work slots but restoring current law's "3 in 36" month time limit, even if a job is unavailable.

**Welfare to Work Proposals In the FY 98 Budget**  
 CBO/JCT Estimates (outlays in billions)

25-Apr-97

<u>Welfare to Work</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>5 Year</u>
Welfare to Work Jobs Challenge.	0.6	1.0	1.0	0.4	0.0	3.0
<p>Instead of a new program, this incorporates funds in TANF. Formula grants would be allocated to States, with funds used in areas with poverty and unemployment rates at least 20% higher than the State average. A share of funds go to cities with large poverty populations commensurate with the share of long-term welfare recipients in those cities. Activities include job retention services; job retention or creation vouchers; and private sector wage subsidies for new jobs lasting 9 months.</p>						
Enhance and Expand WOTC*	0.1	0.1	0.2	0.1	0.1	0.6
<p>The budget proposes tax incentives to create new job opportunities for long-term welfare recipients. It would create a much-enhanced credit targeted at those who need help most -- long-term welfare recipients. The new credit would give employers a 50% credit on the first \$10,000 a year of wages for up to 2 years. The budget also expands the existing WOTC to able-bodied childless adults ages 18-50 who face work and time limit requirements.*</p>						
<b>Subtotal, Welfare to Work*</b>	<b>0.7</b>	<b>1.1</b>	<b>1.2</b>	<b>0.5</b>	<b>0.1</b>	<b>3.6</b>

\*Five-year WOTC total could increase by \$0.1-\$0.2 billion based on proposal to modify the Food Stamp 18-50 provisions.

**Changes to Food Stamps Proposals  
In the FY 98 Budget**  
CBO Estimates (outlays in billions)

25-Apr-97

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>1998 - 2002</u>
<b><u>Food Stamps</u></b>						
18-50's Work Requirement.	0.3	0.3	0.3	0.3	0.3	1.5
<p>The Administration's proposal retains the "3 in 36" time limit in the welfare statute but redirects \$470 million in existing Food Stamp Employment and Training Program funds and adds \$550 million in new funding to create an additional 150,000 work slots monthly for individuals who are subject to the time limits. In total, this proposal would enable States to provide work slots to approximately 1/3 of those losing benefits due to the time limits. The proposal includes the cost of providing on-going benefits to individuals fulfilling the work requirements.</p>						
18-50's Work Requirement--20% waiver	0.1	0.1	0.1	0.2	0.2	0.7
<p>The proposal permits States to exempt up to 20% of the individuals who would lose benefits because of the time limit. In total, it would enable States to exempt up to 80,000 individuals who want to work but are unable to find a job within the three month time limit.</p>						
Shelter Deduction.	0.1	0.0	0.1	0.0	0.4	0.6
<p>The Administration's proposal would accelerate planned increases in the excess shelter deduction and would eventually eliminate the cap on the deduction in FY02, allowing low-income families with high housing costs to deduct the full cost of their housing expenses when calculating their net income. 80% of the benefit of this proposal is to households with children.</p>						
Vehicle Asset Limit.	0.0	0.1	0.1	0.1	0.1	0.5
<p>The welfare bill froze the Food Stamps vehicle asset limit at \$4,650 (the maximum value of a car a household may own) which had previously been indexed. The Administration's proposal would increase and reindex the Vehicle Asset Limit, which has virtually been at the same level since 1977 even though the CPI for used cars has risen by 125%.</p>						
<b>Subtotal, Food Stamps</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>	<b>0.8</b>	<b>0.8</b>	<b>3.4</b>

## Changes to Benefits to Immigrants Proposals In the FY 1998 Budget

25-Apr-97

CBO Baseline. OMB estimates of CBO scoring (outlays in billions)

	1998	1999	2000	2001	2002	1998 - 2002
<b>Restore Benefits for Immigrants</b>						
<b>Benefits for Disabled Immigrants.</b>						
SSI Costs	1.7	1.6	1.6	1.1	1.2	7.4
Medicaid Costs*	0.8	0.8	0.7	0.7	0.7	3.7
Total	2.5	2.4	2.3	1.8	1.9	11.1
<p>This policy would restore SSI benefits for all legal immigrant adults who are currently receiving SSI who have become disabled after entering the U.S. It would also provide access to SSI for all legal immigrants admitted to the country prior to August 22, 1996 ("new applicants"). The Medicaid costs for this policy are from the SSI recipients who would lose their Medicaid when they lose their SSI. Estimate assumes a Medicaid per capita cap policy and assumes CBO would not change its scoring to reflect pending regulations that enable more states to provide Medicaid to immigrants who lose SSI.</p>						
<b>Deem for New Entrants, Net of Benefit Reductions</b>	(0.0)	0.1	0.2	0.3	0.3	0.7
<p>This option would retain access to SSI and Medicaid for new entrants who become disabled after entering the U.S. but with three restrictions. First, all new entrants and new applicants already in the country who have sponsors would have their SSI benefits reduced by one third. The one third reduction would represent an allowance for financial support from their sponsor. Second, new entrants who apply for disability benefits after age 65 would have the income of their sponsor deemed to them. For almost all of these elderly immigrants, deeming of sponsor's income would cause the immigrant to lose SSI and Medicaid benefits. Third, the disability exemption for new entrants would be limited to the first 7 years an immigrant is in the country.</p>						
<b>Benefits for Immigrant Children.</b>	0.1	0.1	0.1	0.1	0.1	0.3
<p>This policy would restore SSI benefits for approximately 6,000 legal immigrant children who are currently receiving SSI. It would also provide access to SSI for legal immigrant children admitted to the country prior to August 22, 1996 ("new applicants") who are not currently receiving benefits. These children will also retain their Medicaid under this policy.</p>						
<b>Extension for Refugees and Asylees.</b>	0.04	0.04	0.04	0.04	0.04	0.2
<p>The welfare bill exempted refugees and asylees from the benefit restrictions for their first five years in the country. The budget would lengthen the exemption for refugees and asylees from 5 to 7 years to provide a more appropriate time for refugees and asylees to become citizens.</p>						
<b>Subtotal, Benefits for Immigrants</b>	2.6	2.6	2.6	2.2	2.3	12.3

\*(Medicaid costs would drop by about half if policy was scored without a Medicaid per-capita cap policy OR if CBO changed its scoring to reflect pending regulations that enable more states to provide Medicaid to immigrants who lose SSI.)

**Immigrant Policy  
(1998-2002 Totals, in billions)**

	<u>Current Recipients</u>	<u>New Applicants<sup>1</sup></u>	<u>New Entrants<sup>2</sup></u> (Disabled Only)
Under Age 65	continue benefits for disabled  (+4.4)	1/3 reduction in benefits for disabled  (+0.9)	1/3 reduction in benefits 7 year time limit  (+1.3)
Over Age 65	continue ban for non-disabled continue benefits for disabled  (+4.3)	continue ban for non-disabled 1/3 reduction in benefits for disabled  (+0.9)	1/3 reduction in benefits 7 year time limit deeming sponsors income  (+0.1)

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<sup>1</sup>All immigrants with sponsors in the country prior to August 22, 1996, but not currently receiving disability benefits.

<sup>2</sup>All immigrants with sponsors entering the country after August 22, 1996.

## **Immigrant Policy Regarding Benefits for New Entrants<sup>1</sup> and New Applicants<sup>2</sup>**

This policy would retain access to SSI and Medicaid for some new entrants and all new applicants who become disabled after entering the U.S. However, the policy would have several important and significant limitations:

### **For Immigrants over age 65:**

1) Ban for non-disabled elderly: New applicants who are elderly but not disabled would continue to be banned from SSI as under current law. New entrants who are elderly but not disabled would continue to be banned from SSI and Medicaid as under current law.

2) Deeming Sponsor's Income: All entrants over age 65 who apply for the disability exemption after age 65 would have the income of their sponsor deemed to them for purposes of determining eligibility for SSI and Medicaid. For almost all of these elderly immigrants, deeming of sponsor's income causes the immigrant to lose SSI and Medicaid benefits. This policy would make clear to sponsors that the rules have changed. When an immigrant enters the country near the retirement age, the sponsor is expected to plan for the immigrant's retirement needs, even if the immigrant becomes disabled.

3) Benefit Reductions: For SSI, all new entrants as well as new applicants who become disabled after entry and who have sponsors would have their SSI benefits reduced by one third. This provides an allowance for financial support the sponsor should provide.

4) Time Limits: For all new entrants, the disability exemption would only be available for the first 7 years an immigrant is in the country. Seven years provides enough time for immigrants to complete the naturalization process, even in parts of the country with significant processing backlogs.

### **For Immigrants under age 65:**

1) Benefit Reductions: For SSI, all new entrants as well as new applicants who become disabled after entry and who have sponsors would have their SSI benefits reduced by one third.

2) Time Limits: For all new entrants, the disability exemption would only be available for the first 7 years an immigrant is in the country.

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This policy substantially limits the access of new entrants to SSI and Medicaid while at the same time providing important safety net protections for working age immigrants who may become disabled in the future. It reduces benefits for families with sponsors but continues the full benefit level for those without sponsors. In the first five years this policy would cost approximately \$0.7 billion<sup>3</sup>. Over time it would provide significant protections. By 2002, about 50,000 immigrants who would be denied under current law would have access to SSI and Medicaid.

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<sup>1</sup>All immigrants with sponsors entering the country after August 22, 1996.

<sup>2</sup>All immigrants with sponsors in the country prior to August 22, 1996, but not currently receiving benefits.

<sup>3</sup>Assumes a Medicaid per capita cap policy. Costs would drop by about \$0.4 billion without a per capita cap.

## Summary of Discussions on Various Benefits for Immigrants Options

In initial discussions with Republican budget staff, they proposed a compromise immigrants policy that would continue to provide SSI and Medicaid to all immigrants who are currently receiving benefits and who have become disabled after entering the country. They proposed no restorations of benefits for refugees, beyond the protections the current disability policy would provide these groups.

They thought CBO would score the policy at \$7.4 billion over five years. This cost estimate is reasonable, if the policy is considered in isolation. However, when included with our Medicaid per capita cap policy, CBO would probably estimate it to be \$9.4 billion.<sup>1</sup> The policy is more expensive in the context of a per capita cap because CBO assumes states will be able to game the per capita cap which results in lost savings to the Federal government.

Recently we have been told that the original Republican offer is changed in two important ways. First, the disability protections would be limited to immigrants who are currently receiving benefits on the basis of disability. Immigrants who are elderly SSI recipients could not requalify for SSI disability benefits, even if they had the same disability as non-elderly disabled immigrants. Second, they would propose to adopt the Administration's policy on refugees and asylees (i.e., extending the refugee and asylee exemption from the first five years in the country to the first seven years.). The second change is good but is more than offset by the tougher disability policy. They estimate their revised offer would cost \$6.5 billion in isolation. We estimate CBO would score it at around \$8 billion in the context of a per capita cap.

The revised offer regarding disabled immigrants has a number of serious problems. It would restore benefits to significantly fewer people than the Administration's proposal. SSA's actuaries estimate that approximately 420,000 immigrants (of which 260,000 are elderly) will lose SSI benefits and the Administration's policy would restore benefits for 310,000 immigrants (of which 170,000 are elderly), whereas the Republican offer who not help any of these elderly immigrants.

The new offer is inequitable. For example, it would not be unusual to find two immigrants receiving SSI and Medicaid who have both become disabled from a stroke. The first immigrant had the stroke at age 57 and is protected by both the Administration's proposal and the revised Republican offer. The second started receiving SSI elderly benefits at age 65 and had a stroke at 67. The second immigrant would be protected by the Administration's proposal but would lose SSI and potentially Medicaid under the Republican offer. This inequitable treatment is simply an accident of the fact that today a disabled elderly person has no need to tell SSA that they are disabled in order to receive benefits. The Republican position is not sustainable.

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<sup>1</sup>CBO scored the Administration's proposal as costing \$14.9 billion over 5 years in the context of the Administration's overall budget proposal, which includes a Medicaid per-capita cap policy. CBO scores the Administration's proposal as a stand alone option at \$11.9 billion over 5 years. The \$3 billion difference is the interaction with the per-capita policy.

### Waiving the Food Stamp Three Month Time Limit

- The recently enacted welfare reform legislation limits Food Stamps for certain childless adults. These individuals may only receive Food Stamps for 3 months in a 36 month period unless they are working 20 hours per week or the State has provided them with a work slot which meets the requirements of the law. CBO estimates that in FY98 approximately 600,000 poor unemployed individuals will be ineligible to receive food stamps in any given month due to this provision.
- The statute provides States with the ability to seek a waiver from this provision for certain areas within the State. There are two types of waivers: areas with unemployment in excess of 10%, and areas with too few jobs.
- The Secretary of Agriculture established broad guidelines for areas with too few jobs, but it is up to the Governors to request a waiver. The Secretary cannot unilaterally grant a waiver or require its implementation. The State of Ohio, for example, has been approved for a waiver, but has not implemented it – even in counties with unemployment in excess of 10%.
- The waiver provision cannot adequately address the problems created by this provision. CBO's estimate of 600,000 poor unemployed individuals losing Food Stamps already factors in the effect of the waivers. This means each month 600,000 are made ineligible because they live in areas that cannot be exempted from the time limits by waiver.
- There are hundreds of thousands of individuals living in areas with low unemployment who are unable to find work after three months. Jobs simply may not be available to suit their skills causing their search to take longer than the three month limit allows. The current waiver authority neither gives States, nor the Secretary, the ability to help these people. Providing a 20% exemption from the time limits, as TANF does, would be an important improvement.
- The solution to the inadequacies of the current law provisions is not just broader waiver authority, but better structured work requirements. The three month time limit is too harsh and harms individuals who want to work and will find work, but not within three months. The Administration's budget proposal addresses these problems by focusing on three principles: First, no one should be denied basic food assistance if they cannot find work and are not offered a work opportunity by the State. Second, childless able-bodied adults should be working and face stiff penalties if they fail to do so. Third, States should be provided with the resources to help move people to work.

## **Retargeting Food Stamp Employment and Training to 18-50s**

**Employment and Training Program Background** Since the late-1980s States have been required to operate an Employment and Training (E&T) program to ensure that able-bodied food stamp recipients (including those with children) participate in meaningful work related activities. States have been required to serve at least 10% of their work registrants. A wide variety of activities have been permissible including job search, education and training classes as well as work fare.

To meet these requirements, States have consistently relied on job-search as their primary employment services for E&T participants. Job search has accounted for over one-half of all E&T components. Employment and training costs have tended to vary by activity, State and individual. They can range from \$300 annually to as high as \$3,000. Several individuals can cycle through on slot in a single year.

**Current Funding** The existing program has two funding components -- \$ 80 million in 100% Federal dollars (FY 1998) and opened ended 50% Federal matching of State contributed funds at a (\$111 million Federal share in FY 1998). Total combined Federal and State spending is estimated to be about \$300 million in FY98.

**18-50 Provisions** In combination with the three month time limit for able-bodied childless adults, PRWORA created a much more intense work requirements for this group. These individuals are limited to three months of food stamp participation in a three year period unless they are working 20 hours of week or participating in rigorous, time-consuming work related activities. The number of hours required is greater and job search is no longer an allowable activity. States, therefore, not only have to create many more employment and training slots due to the time limit but the slots are much more expensive.

**Proposal** This proposal would: 1.) earmark all existing 100% Federal funds and 30% of State-Federal dollars to be spent only on 18-50s, 2.) Add \$520 million in new Federal funding, and 3.) create a maintenance-of-effort requirement to ensure that State dollars are not withdrawn and replaced with new Federal funds.

**Need to Target 18-50s** States need additional resources to meet the new, more expensive work requirements for 600,000 18-50's who will hit the time limit each month. These requirements are more stringent and time-consuming than those for other food stamp recipients. The requirements cannot be met with less expensive alternatives, like structured job search. Additional funds are required to ensure that recipients comply with work requirements, and that work activities are meaningful.

According to CBO States are unlikely to focus all existing E&T resources on 18-50s. CBO estimates that the baseline for Federal E&T program to be \$1.6 billion over the next 5 years. Of that they project that States will spend only \$230 million on 18-50s, creating about 100,000 slots annually, causing 520,000 people to lose benefits each month in FY 1998.

The proposal ensures that the number of work slots can be increased substantially with modest increases in Federal expenditures for E&T. By requiring an MOE, and setting aside all 100% Federal funds and a 30% set-aside of State/Federal funds we estimate that an additional \$470 million could be made available over 5 years. This would create an average of about 60,000 more slots per month, lowering the number of people losing benefits to 460,000. Because the need for slots would still be significant, the proposal would add \$520 million in new Federal-only money. Money would be targeted to those States with the greatest number of recipients subject to the time limits. Approximately another 80,000 slots would be available on average each month due to the new money leaving 380,000 individuals without slots each month. Funds would be targeted at those States with the largest caseload of 18-50's subject to the time limit and not exempted by waivers.

The proposal could potentially divert resources from non-TANF mothers with children over the age of 6, who are subject to the basic E&T work requirements. However, States can still target State monies to these individuals and receive matching Federal funds. TANF households will be served through TANF work programs.



Cynthia A. Rice

04/24/97 09:49:38 AM

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Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP

cc:

Subject: Grandparents exception.in TANF

Martha Foley said John Hilley is interested in accepting a House Women's Caucus proposal to help win favor for a potential budget deal. The proposal would exempt families with grandparent and other non-parental family caregivers from the TANF work requirements and time limits established by welfare reform. States that did not do so could be penalized up to 5% of their block grant. Additional block grant funds would be provided to states to keep these families on the rolls after the five year time limit.

As you know, the law now allows states to exempt up to 20% of families from the time limits and to choose which families must work to meet the participation rates. In the last Congress, Republicans fought against Democratic efforts to exempt particular categories of people (i.e., elderly, disabled) and pushed for a straight percentage exemption.

We could push for this option to please the Caucus knowing we will not succeed. But I think that's dangerous because other groups (battered women's and disabled advocates) will be mad at us for pushing an exception for grandparents and not others.

## The President's Welfare Changes

	OMB	CBO
	FY1997-2002 (outlays in billions)	FY1997-2002 (outlays in billions)
Welfare to Work		
Welfare to Work Jobs Challenge Grant	\$3.0	\$3.0
Increase Work Opportunity Tax Credit	\$0.4	\$0.3
Welfare to Work	\$3.4	\$3.3
Food Stamp Benefit and Implementation Proposals		
Additional Funds for Food Stamp Work Requirement	\$2.2	\$3.5
Excess Shelter Deduction	\$0.6	\$0.6
Reindexation of Standard Deduction	\$0.1	\$0.1
Increase and Reindexation of Vehicle Asset Limit	\$0.2	\$0.5
Food Stamps	\$3.1	\$4.7
Noncitizens Benefit Reinstatement		
Disabled Immigrant Benefit Reinstatement	\$9.1	\$9.4
Targeted Assistance to Children	\$0.2	a/
Extension of Refugee and Asylee Exemption	\$0.7	a/
Delay Ban Food Stamps until end of 1997	\$0.1	\$0.1
Noncitizen Provisions	\$10.1	\$9.5
Medicaid		
Continuation of Medicaid for Children/Noncitizens cut-off SSI	\$5.3	\$7.0
<b>Total Deficit Effect</b>	<b>\$21.6</b>	<b>\$24.5</b>

a/ Included in disabled total.

WR Budget 326.97

Hogland - pattern slot - nearly 50% of savings add back

→ Tiger 3

Phasing

→ Why not just add to that block grant?

Demeris has specific approach - grandfathering. Unfair.

- not block grant

→ Ken re ESA 18-50

Demeris: OK on 18-50, Kasich no way

- Kasich might be willing to look at a few work slots (not a fan of welfare)

- Demeris: - low skill, low income, need to in 12, this is last basic safety net program. That is really tough.

- lots of welfare cuts

Reconnect problem on 18-50 etc. info effect: would have to be grandfathering. Allocate, but not reconnect.

Privatization of something, but  
Kasich - scale back  
labor

Like to Gov,  
just show some flexibility

Rob Jewell - bill to limit price freeze  
House Approves then

04/11/97 FRI 15:36 FAX

001

**DRAFT**

*CYNTHIA - Perloined GOP strategy document, Not sure what it means, if anything. -BR*

**DRAFT**

Budget Strategy Meeting (from a reporter)

*cm: Return a copy*

**Optimal Goal:** A negotiated agreement signed by the President that balances the budget in 2002, provides permanent tax relief, has declining deficits, and uses honest economic projections.

**Minimum Requirements:** Make the public understand that it was President Clinton that failed to make the tough choices, and move to achieve as many objectives as possible (i.e. cut some spending, save Medicare, enact some tax cuts).

Full understanding of the challenge ahead

What could the package look like if we adhered to the goals agreed to above. (See memo)

Sensitive issues to resolve:

- How do we handle the Medicare issue? Can we communicate it?
- Do we consider CPI adjustment? Legislated or through a Commission?
- How do we handle the discretionary portion of the budget? Frozen at FY '96 or '97 levels? Do we do a contingency CR?
- How do we handle tax cuts? As part of one package, with pieces in a multiple packages, or split off at the end of the reconciliation process (i.e. do capital gains as part of separate welfare-to-work)?
- Do we change economic assumptions in order to accomplish the other goals of getting to balance and providing tax relief?

*\*  
?  
Maybe they want to use an interest in WR (and savings?) to drive a separate cap gains bill (which could provide the offset).*

Big Questions:

- Do we proceed with a budget resolution/reconciliation process and when? Is it one package, or multiple packages?
- How do we deliver the votes on the various component parts?
- How do we communicate our strategy to Members and the public?

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002

**Goal** -- Save Medicare from bankruptcy, reform education to reduce bureaucracy and put more resources in the classroom, ensure a strong national defense, tax relief for families and to create jobs, target violent crime and renew the war on drugs -- all achieved within the context of a balanced budget by 2002.

### **Strategies**

#### *Negotiate with the President*

**Pros:** May isolate more extreme congressional Democrats. Likely to get some agreement that is signed into law. Bipartisan partnership well-received by American people and will reduce partisan attacks.

**Cons:** Not likely to include GOP priorities. Not likely to reach real balance without the use of budget gimmickry. Likely to alienate GOP base. GOP prone to demagoguery by liberal Democrats, unions, and allied interests on CPI, Medicare, etc.

#### *Negotiate with Congressional Democrats*

**Pros:** May isolate extreme congressional democrats and White House. Clinton possibly more likely to sign. Likely to be make more meaningful changes than a budget negotiated with the President. Bipartisanship well-received by American people and will reduce partisan attacks.

**Cons:** May have to give up important GOP priorities, especially tax cuts. To play, conservative Democrats may demand arbitrary CPI changes which would leave GOP vulnerable to attack by liberal members and interest groups. Has been difficult to negotiate in the past as the goalposts are moved.

#### *GOP Goes it Alone*

**Pros:** Allows Republicans to choose priorities we fight over. Establishes a bright line difference between our priorities and the Democrats. With a multiple reconciliation approach, will get us bipartisan victory on some priorities

**Cons:** Given budgetary constraints, will be difficult to put together and will be divisive even amongst Republicans. GOP vulnerable to partisan attack. With multiple reconciliation approach, may get us some victories but probably not a balanced budget. Almost guarantees a veto and partisan attacks from White House and allied interests.

**Tactics** -- A consensus seems to have developed around a single budget resolution with multiple reconciliation vehicles, or in the absence of a budget resolution, a piecemeal approach reflecting GOP priorities. This allows us to extend Medicare solvency and take the issue off the table in a bipartisan fashion before we move forward on other issues including tax cuts. Regardless of which strategy is chosen, we need adequate resources and cooperation from our external allies.

**EXECUTIVE OFFICE OF THE PRESIDENT**

**Office of Management and Budget  
Program Associate Director for Human Resources  
260 Old Executive Office Building  
Washington, DC 20503**

**Fax #: 395-5730**

**Phone #: 395-4844**

**FACSIMILE COVER SHEET**

**DATE:** ✓ April 17, 1997

**TO:** =BRUCE REED / GENE SPERLING / ELENA KAGAN

**FAX No:** 6-2878

6-55742

**FROM:** Ken Apfel

**Number of pages (including cover sheet):** 7

**REMARKS:**

I'm faxing to you all a copy of a memo from Bob Greenstein regarding the fallbacks for the 18-50's. Bob is pushing the job search STRONGLY, which may be a problem to Kasich.

Let's talk

April 13, 1997

## FOOD STAMP FALLBACK ISSUES ON 18-50 YEAR-OLDS

This memo discusses three types of issues, all of which need to be addressed in a fallback: 1) money for work slots; 2) the structure of the requirement (i.e., how many months of eligibility an individual has, whether job search should count as work, etc); and 3) a small change that should not be controversial and would be helpful, albeit to a very minor degree.

Two points should be made up front. First, the Administration should reject any Republican proposal that might be offered to weaken or narrow the current waiver authority within this provision. It is unlikely that any compromise would be offered that would make the provision as a whole less rather than more draconian if the compromise weakens the waiver provision.

Second, if the Administration yields on the principle that recipients who cannot find a job or a work slot should not be terminated, well over half of the cost of the Administration's proposal in this area will disappear under CBO scoring. The Administration can and should argue that if it yields on this principle, it will have met the Republicans much more than half way on this provision and the Republicans should, in return, move in the Administration's direction on money for work slots, a job search provision that (as described below) is consistent with the treatment of job search in relation to TANF work requirements, and changes in the number of months of recipient eligibility (i.e., in the "three-months-out-of-36-months" rule).

### I. Money for Work Slots

The least difficult part of a compromise to secure should be the provision of additional money for work slots. A caveat, however, should be sounded. Unless structured properly, the additional money probably won't do much good. States could: 1) substitute it for state money they were already spending on the food stamp employment and training (E&T) program; 2) substitute it for other federal food stamp E&T money being spent on the 18-50 population; 3) change their accounting practices to allocate more of their caseworkers' time to food stamp E&T, thereby "using" the additional federal money without creating new work slots (some state food stamp directors have confided in us that this could occur in their state under the Administration's proposal); or 4) take some combination of these approaches.

To prevent states from using changes in cost allocations to soak up the new money without creating work slots, this money should be provided on a *performance basis*, with states receiving a specified amount of the money for each participant beyond the time limit who is enrolled in a work slot, up to a maximum dollar amount for each state. There should be reallocation procedures to move money from states that do not earn it in this manner to those that do.

Some additional safeguards also would be useful. The Administration's proposal requires that an increasing percentage of the existing federal food stamp E&T dollars granted to states to be dedicated to the 18-50's. We would combine that approach with the performance funding idea by taking an increasing portion of the existing federal food stamp E&T money and adding it to the performance funding pool that would be distributed to states in accordance with the number of these 18-50 year-olds a state has placed in work slots. (It should be noted that until enactment of the welfare law, one-fifth of federal food stamp E&T grants to states were allocated according to performance measures, so this would reinstate such an approach and make the measure of performance used the number of individuals at the time limit who have been placed in work slots.)

Another useful feature would be a state maintenance-of-effort requirement, under which each state could spend no fewer state dollars on the food stamp employment and training program than the state spent in a base year. The maintenance-of-effort level might have to be set at 75 percent or 80 percent of state base-year funding. It would be applicable only to those states that have been providing state money for this purpose. These additional features regarding money for work slots would be *in addition* to the performance funding approach; they would not be instead of it.

#### *How Much Money Should Be Provided for Work Slots?*

This depends to some degree on whether the performance bonus approach is adopted. Without it, the money for work slots is less likely to produce the additional work slots desired.

The question of how much money to provide for work slots also depends on whether there is a fixed amount of money for an 18-50 fix and, as a result, the work slot money reduces the money available to fix the basic structural problems with the 18-50 provision. If the work slot money reduces the money to fix the structural problems on a dollar-for-dollar basis, one might want to stick close to the Administration's budget request for an additional \$280 million for work slots. On the other hand, if the additional work slot money does *not* crowd out other money, then much more should be sought for work slots. If anything close to the present "3-months-out-of-36 months" structure remains, the level of funding needed to provide work slots for most of those who otherwise will be terminated will be many times the \$280 million figure. The

Administration's \$280 million figure was set to provide the number of work slots needed under a six-months-out-of-12 structure, not a three-months-out-of-36 structure. A USDA study indicates that a substantial share of the unemployed able-bodied childless persons between the ages 18 and 60 who come onto the program leave between their third and sixth months. Furthermore, a number of these individuals who leave the program cycle back on at some point between the 12-month mark and the 36-month mark. Thus, the number of persons needing work slots under the three-months-out-of-36 structure would be substantially greater than the number the Administration estimated to need work slots under its proposal.

## II. Structural Questions

The key structural questions involve whether job search counts as meeting the work requirement and how many months of food stamp eligibility these individuals have. In examining these issues, one approach to designing fallbacks and presenting them to the Republicans is to pattern the fallbacks to a substantial degree on the food stamp provisions for 18-50 year olds included in versions of the welfare bill that the Senate and House passed in 1995 or 1996.

### a) Job Search

Granting states the option to count job search as work that enables a recipient to continue receiving benefits is one of the most important issues in the 18-50 area. Most food stamp employment and training programs are job search programs; states have operated and should be willing to continue operating job search programs for these recipients. Job search programs are not very costly on a per-participant basis. States also find job search programs an appealing approach for single adults on food stamps because these programs aim at pushing these individuals into private employment quickly.

Most states will not, however, run work programs (as distinguished from job search programs) for these individuals. Work slots cost more to develop and administer than a job search program does. Work slots also require more staff to run, a serious problem for state welfare departments constrained by personnel ceilings. Finally, many states want to use whatever work slots they are able to develop for TANF recipients, not for single individuals on food stamps.

In the past few months, CBO conducted a phone survey of states to determine how many work slots they are creating for the 18-50 year-olds subject to the three-month limit. The survey results show few states are creating many slots. In its March 1997 food stamp baseline, CBO significantly reduced its estimate of the number of work slots that states will provide for these individuals.

The original welfare bill the House passed in the spring of 1995 counted participation for at least 20 hours a week in an approved job search program as work that enabled an 18-50 year-old recipient to continue receiving food stamps. That bill placed no limit on the number of months that job search could count in this manner. The welfare bill the Senate passed in July 1996 also allowed job search, but on a limited basis — it gave states the option of counting job search as work for a recipient for up to two months out of each 12-month period.

The new Administration budget takes a somewhat different approach to limiting use of job search. It allows job search to count as work for up to 10 hours a week for an unlimited number of months. Unfortunately, this is not the best way to allow use of job search on a limited basis; to use job search under the Administration's proposal, a state would have to structure *two different work components for the same recipients in the same month* — 10 hours of job search and 10 hours of participation in a work or training program. Providing two components at the same time for these recipients is likely to be both costly and very difficult administratively for most states. Few if any states would likely make use of the job search option in these circumstances.

The recommendation here is to allow states the option of counting participation in a job search program of at least 20 hours a week as work for *two months out of each year*. This would parallel the job search provision in the 18-50 provision of the welfare bill the Senate passed last July. It also would be similar to the job search provision in the TANF part of the welfare law, under which states can count job search as work in the TANF block grant program for six weeks out of each year in areas without high unemployment and for 12 weeks in areas with high unemployment rates.

**b) Months of Eligibility**

The best approach here would be six months out of 12. This is the same time frame as in the Administration's proposal and the welfare bill the Senate passed in September 1995.

It should be noted that this fallback departs from the Administration's approach in that it assumes that recipients who can not find a job or a work slot after six months are terminated. (The assumption here is that this issue will not be won in the negotiations.) As noted at the beginning of this memo, once the Administration gives on this principle, the substantial majority of the cost of the Administration's 18-50 proposal disappears. The Administration should argue that if it yields on this principle, it will have gone well over half of the way to the Republicans, and the Republicans should, in return, move in its direction on the other issues raised here, including the number of months of eligibility.

Suppose, despite this, that the six-months-out-of-12 option cannot be secured. To what does one then fall back?

Lengthening the three-month time limit in the current "three-month-out-of-36" rule appears to be the most important change to secure. Many of these individuals use the food stamp program only periodically but remain on the program more than three months when they use it. In addition, some individuals who hit the time limit and are terminated probably will not understand that they can reapply at the end of a disqualification period of some length. Hence, lengthening the up-front period of food stamp use is probably the most important step to take.

Thus, if six months out of 12 is not achievable, six months out of 18 could be tried or even six months out of 24.

There is another approach that also could be tried — to adopt the approach in the reconciliation conference report and the welfare conference report, both of which Congress passed in late 1995 and the President then vetoed. (These bills had identical food stamp provisions regarding the 18-50 year olds.) These bills would have limited eligibility for the 18-50 year-olds to four months out of 12. These bills also allowed an individual who exhausted his or her initial four months of eligibility to gain a second four-months of eligibility during the same 12-month period if the individual was employed at least half-time for at least one month after using up his or her initial four months of eligibility and then was laid off.

The same provision was in the welfare bill the governors' endorsed in early 1996. This provision was harsh — it cut people off after four months if they could not find a job or a work slot. It was this provision that President Clinton castigated as inequitable in budget negotiations with Senator Dole and Rep. Gingrich in December 1995, with Dole and Gingrich acknowledging there were fairness problems with terminating people who were willing to work simply because they couldn't find a job or a work slot.

The principal Republican who wanted to make the provision of the final welfare law even more severe than the provision in the vetoed bills was John Kasich. The two agriculture committees never had any interest in making the provision more draconian. Thus, one possible Administration approach would be to offer to take the 18-50 provision of the vetoed bill, with additional funding for work slots and a state option to count two months of job search a year toward the work requirement, as states can essentially do under the TANF block grant.

If you do not get the three-months-out-of-36 changed much, one other modest approach could be tried. It would be to give states the option of allowing an additional three months of benefits after the initial three months were exhausted for those recipi-

ents whom the state documents have diligently searched for work but been unable to find it.

### 3. A Small Change That Should Be Non-Controversial

Under the law as it now stands, an individual who has used up his or her initial three months of benefits can qualify for a second three months of benefits if he or she has worked half-time for at least one month after the initial three months of benefits are exhausted and the individual is subsequently laid off. An individual can qualify for this second three-months of benefits only once in the 36-month period.

There is a significant problem with how the second three-months of benefits works — the second three months of benefits can be used only in consecutive months. If an individual uses the first month of his second three-months of benefits and then gets a job and returns to work, he or she forfeits the remaining two months of the second three months of benefits. If the individual had secured seasonal work and is later laid off again after a few months, he or she is ineligible for any further benefits while out of work until the end of the 36-month period. This individual thus would have been limited to four months of benefits out of 36, rather than the six months of benefits supposedly available to people who go back to work but are then laid off again. This aspect of the law is particularly problematic for poor migrant farm workers, who typically experience both months of backbreaking work and months of unemployment.

The first three months of benefits that a recipient gets need not be consecutive. There is no reason for a requirement that the second three months be consecutive either. Republican staff tell us they wrote the rule for the second three months to be consecutive into the conference report at a time when they thought the conference agreement was going to include a three-months-out-of-12 rule, rather than a three-months-out-of-36 rule. Staff forgot to drop the requirement for these months to be consecutive when the conference agreement ended up at three-months-out-of-36.

If the three-months-out-of-36 rule remains or is changed only modestly, it ought to be possible to secure agreement to fix the "consecutive months" problem. Doing so, however, would represent only a very modest change and would not do much, by itself, to ease the draconian nature of this provision. CBO might well find that such a change has no scorable cost.

### Options

- 1) Funds in 1999-2002 to help long-term recipients in high unemployment/high poverty areas go to work and keep jobs. Funds would be added to TANF but earmarked for work. *\$3B earmarked in TANF for long-term & FS welfare*
- 2) Funds in 1999-2002 to help long-term recipients in high unemployment/high poverty areas go to work and keep jobs. Funds would be available only if majority of states did not meet work participation rates in prior year. Funds would be added to TANF, earmarked for work.
- 3) Enhanced tax credit for firms that hire long term welfare recipients--fund would pay firm's share of FICA taxes for individuals hired and retained.
- 4) Funds for vouchers for training, job creation, and job placement to help long-term recipients in high unemployment/high poverty areas go to work and keep jobs. Funds would be added to TANF, earmarked for vouchers for individuals.
- 5) Funds in Title XX Social Services block grant, which states could use for work or child care.
- 6) Child Care:
  - a) Make Child and Dependent Care Tax Credit refundable. Cost: bet. \$2-\$5 billion. (Mark Mazur costing specific options by 4/15.)
  - b) Increase the Child and Dependent Care Tax Credit amount to \$3,600 for one child and \$5,400 for two. Increase could be phased in over time. (Mark Mazur costing specific options by 4/15.)
  - c) \$1.4 billion through 2002 for working poor families that CBO says is needed to keep them from getting short-changed by welfare reform (Dodd-Daschle). (This week, CBO is redoing its analysis of the shortfall -- dollar amount would change accordingly.)
  - d) Tax credit to companies for costs of building, renovating and/or operating child care centers (50% credit for eligible activities up to \$150,000 per year per business). Cost: \$2.6 billion (Kohl). (Because this proposal would subsidize already operating centers, Mark Mazur is developing an option that would subsidize only the expansion or creation of new centers, which would cost less.)

- e) Loan forgiveness tax credit in President's budget which could be used for individuals becoming child care workers. Cost: minimal.

Refranchise  
 Deeming prospective  
 cut off if not w/ 5 yrs  
 - Budget?

**PROPOSED POLICY INCREASES IN MANDATORY PROGRAMS**  
 (in billions of dollars)

04/14/97  
 10:12 AM

	1997	1998	1999	2000	2001	2002	98-02
<b>Proposed expansion of benefits in existing mandatory programs:</b>							
<b>Medicare:</b>							
Alzheimer's respite benefit.....	---	0.350	0.350	0.350	0.350	0.360	1.760
Diabetes management screenings.....	---	0.160	0.290	0.290	0.300	0.310	1.350
Colorectal screenings.....	---	0.090	0.250	0.340	0.480	0.560	1.720
Mammography without copayments.....	---	0.070	0.140	0.140	0.140	0.150	0.640
New preventive immunizations.....	---	0.040	0.070	0.080	0.090	0.100	0.380
Medicare demo for working disabled.....	---	0.010	0.020	0.030	0.040	---	0.100
Late enrollment premium surcharge fix.....	---	0.110	0.150	0.160	0.180	0.200	0.800
Outpatient coinsurance formula fix.....	---	---	1.120	1.250	1.840	2.580	6.790
<b>Total Medicare.....</b>	---	0.830	2.390	2.640	3.420	4.260	13.540
<b>Medicaid:</b>							
12-month kids continuous coverage.....	---	0.282	0.457	0.707	1.013	1.162	3.621
Medicaid impact of state partnership grants.....	---	0.062	0.130	0.227	0.349	0.368	1.136
Medicaid benefits for child and disabled legal immigrants.....	0.029	0.619	0.793	0.975	1.194	1.315	4.896
SSI-related actions.....	0.010	0.075	0.070	0.065	0.065	0.060	0.335
Medicaid portion of D.C. initiative.....	---	0.156	0.169	0.182	0.197	0.213	0.918
Increase payments to Puerto Rico and territories.....	---	0.030	0.040	0.050	0.060	0.070	0.250
Continue coverage for working disabled.....	---	---	0.001	0.003	0.007	0.009	0.020
<b>Total Medicaid.....</b>	0.039	1.224	1.660	2.209	2.885	3.197	11.176
<b>Other programs:</b>							
Amend Food Stamps provisions.....	0.362	0.836	0.659	0.600	0.405	0.835	3.335
Exempt disabled immigrants from Supplemental Security Income restrictions and extend eligibility for refugees and asylees.....	0.224	1.707	1.824	2.096	1.907	2.184	9.718
Provide funding for Superfund orphan shares 1/.....	---	0.142	0.162	0.184	0.192	0.200	0.880
Conform railroad retirement Social Security equivalent benefits with Social Security.....	---	0.031	0.046	0.046	0.047	0.047	0.217
Reduce student loan fees.....	---	0.087	0.248	0.335	0.360	0.382	1.412
<b>Total other programs.....</b>	0.586	2.803	2.939	3.261	2.911	3.648	15.562
<b>Total expansion of benefits in existing programs.....</b>	0.625	4.857	6.989	8.110	9.216	11.105	40.278
<b>New non-entitlement mandatories 2/:</b>							
<b>Education:</b>							
Invest in school construction.....	---	1.250	1.250	1.250	1.250	---	5.000
Improve third grade literacy.....	---	0.031	0.212	0.284	0.331	0.380	1.238
<b>Health and Human Services:</b>							

BUDGET TITLE

**PROPOSED POLICY INCREASES IN MANDATORY PROGRAMS**  
(in billions of dollars)

04/14/97  
10:12 AM

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>98-02</u>
Establish health insurance for families of workers in-between jobs..	---	1.738	2.472	2.688	2.924	---	9.822
State partnership grants for kids coverage.....	---	0.750	0.750	0.750	0.750	0.750	3.750
Grants to states for health insurance purchasing cooperatives.....	---	0.025	0.025	0.025	0.025	0.025	0.125
<b>Labor:</b>							
Move 1 million welfare recipients into jobs by 2000.....	---	0.600	0.975	1.000	0.400	0.025	3.000
<b>Treasury:</b>							
Provide funding for job training assistance for Puerto Rico.....	---	---	0.067	0.167	0.286	0.424	0.944
Total new non-entitlement mandatories.....	---	4.394	5.751	6.164	5.966	1.604	23.879
<b>New mandatory spending financed by fees:</b>							
<b>Agriculture:</b>							
Forest ecosystem restoration management.....	---	0.067	0.055	0.047	0.042	0.040	0.251
Forest Service recreational fee program.....	---	0.016	0.016	0.016	0.016	0.016	0.080
<b>Health and Human Services:</b>							
Allow State spending of HCFA survey and certification fees.....	---	0.010	0.010	0.010	0.010	0.010	0.050
<b>Interior:</b>							
Enhance Everglades restoration.....	---	0.017	0.031	0.035	0.035	0.035	0.153
Fish and wildlife recreational fee program.....	---	---	---	0.001	0.001	0.001	0.003
National Park Service recreational fee program.....	---	---	---	0.048	0.050	0.057	0.155
Total mandatory increases offset by fees.....	---	0.110	0.112	0.157	0.154	0.159	0.692
Total proposed policy increases in mandatory programs.....	0.625	9.361	12.852	14.431	15.336	12.868	64.849

1/ Proposal adds new mandatory authority to existing Superfund program, which is currently discretionary.

2/ These new programs are not entitlements because they are capped at specific levels.

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## WHY NOT A BLOCK GRANT?

### QUESTION:

Why not just establish a block grant to the States to assist them in providing services to those legal immigrants who lose SSI?

### ANSWER:

- The Administration believes the immigrants who become disabled after coming to our country and refugees and immigrant children should be protected as a matter of national policy. This should not be a decision that is left to the discretion of individual states. An 80-year-old, disabled woman should be assured of support where ever she lives. A working age immigrant who becomes disabled on the job should know he and his children will be protected in whatever state he finds a job.
- There is no infrastructure in place at the state level to deliver income support to the disabled population. In many states, it is local government that directly provides health care to the indigent. There is no assurance that states will find the people most in need. In contrast, the SSI and Medicaid programs have already in place a rigorous screen process to identify those who need help on the basis of disability.
- A block grant of the size being discussed (\$2-3 billion) would meet only a small fraction of the need. Such a small block grant would either be concentrated in a few areas, leaving many communities unassisted, or it would be spread so thin that heavily affected areas would receive only a tiny fraction of the help they need.
- It appears that any new block grant would be only temporary, i.e., for two or three years. This will just leave those legal immigrants that a block grant is able to reach without support two years from now.
- The history of using block grants to provide services to immigrants is discouraging. It has been attempted before without good results. The block grant created by the 1986 immigration reform law was the State Legalization Impact Assistance Grants (SLIAG) program, and it proved to be an inefficient method of assisting the States and very difficult for them to manage. In addition, although SLIAG was federally funded, its appropriation in the third year was reduced by almost two-thirds to support discretionary spending elsewhere. By the fifth year, SLIAG funding was reduced to zero.

- The best solution is to retain eligibility for the most vulnerable immigrants -- those legal immigrants who become disabled after entering the United States, refugees, and immigrant children -- within the existing Federal social safety net.

**Welfare to Work and Changes to Immigrants and Food Stamps Proposals**  
**In the FY 98 Budget**  
 (Outlays in Billions)

<b>Welfare to Work</b>	1998	1999	2000	2001	2002	5 Year
<b>Welfare to Work Jobs Challenge.</b> The Jobs Challenge is designed to help States and cities move a million of the hardest-to-employ welfare recipients into lasting jobs by the year 2000. It provides \$3 billion in mandatory funding for job placement and job creation. States and cities can use these funds to provide subsidies and other incentives to private business. The Federal Government also will encourage States and cities to use voucher-like arrangements to empower individuals with the tools and choices to help them get & keep jobs.	0.6	1.0	1.0	0.4	0.0	3.0
<b>Enhance WOTC for Welfare Recipients.</b> For employers, the budget proposes tax incentives to create new job opportunities for long-term welfare recipients. The budget would create a much-enhanced credit that focuses on those who most need help -- long-term welfare recipients. The new credit would let employers claim a 50% credit on the first \$10,000 a year of wages for up to two years, for workers they hire who were long-term welfare recipients.	0.0	0.1	0.1	0.1	0.0	0.3
<b>Extend WOTC for 18-50's.</b> The budget also expands the existing WOTC tax credit by including able-bodied childless adults who, under the Administration's Food Stamp proposal, would face a more rigorous work requirement in order to continue receiving Food Stamps.	0.0	0.1	0.1	0.1	0.0	0.3
<b>Subtotal, Welfare to Work*</b>	<b>0.7</b>	<b>1.1</b>	<b>1.2</b>	<b>0.5</b>	<b>0.1</b>	<b>3.6</b>

\*Totals may not add due to rounding.

	1998	1999	2000	2001	2002	1998 - 2002
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**Restore Benefits for Immigrants**

**Benefits for Disabled Immigrants.**

SSI Costs	1.6	1.7	1.9	1.8	2.0	8.9
Medicaid Costs	0.6	0.8	0.9	1.1	1.3	4.7
Total	2.2	2.4	2.9	2.9	3.3	13.7

The Administration's budget would restore SSI benefits for 310,000 legal immigrants who become disabled after their entry into the U.S., in recognition of the fact that they cannot provide for their own support through work. Of those 310,000 legal immigrant adults, approximately 190,000 would have Medicaid coverage restored. Barring legal immigrants who played by the rules from these safety net programs is unfair and shortsighted.

<b>Benefits for Immigrant Children.</b>	0.1	0.1	0.1	0.1	0.1	0.4
---	-----	-----	-----	-----	-----	-----

The welfare reform law denies SSI and Medicaid to many legal immigrant children who become seriously ill, or have an accident and become disabled, and whose families fall on hard times. Under the Administration's proposal, legal immigrant children would continue to be eligible for SSI and Medicaid. In FY 1998, this proposal would protect SSI and Medicaid eligibility for about 8,000 disabled immigrant children, and ensure medical care for about another 30,000 non-disabled children.

<b>Extention for Refugees and Asylees.</b>	0.1	0.1	0.1	0.1	0.1	0.6
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The welfare bill exempted refugees and asylees from the benefit restrictions for their first five years in the country. The budget would lengthen the exemption for refugees and asylees from 5 to 7 years to provide a more appropriate time for refugees and asylees to become citizens. It would protect eligibility for about 17,000 refugees and asylees in FY 1998.

<b>Subtotal, Benefits for Immigrants</b>	<b>2.3</b>	<b>2.6</b>	<b>3.1</b>	<b>3.1</b>	<b>3.5</b>	<b>14.6</b>
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	1998	1999	2000	2001	2002	1998 - 2002
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**Food Stamps**

18-50's Work Requirement.	0.7	0.6	0.4	0.3	0.2	2.2
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The Administration's proposal reconfigures the "3 in 36" time limit in the welfare statute in 4 key ways: (1) It changes the time limit to 6 months in 12; (2) Provides additional funds of \$280 million total in FYs 97-02 to enable States to create work for people willing to work; (3) Imposes tough sanctions while protecting those who are willing to work; and (4) Provides States with more authority to provide Food Stamps as wages.

Shelter Deduction.	0.1	0.0	0.1	0.0	0.4	0.6
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The Administration's proposal would accelerate planned increases in the excess shelter deduction and would eventually eliminate the cap on the deduction in FY02, allowing low-income families with high housing costs to deduct the full cost of their housing expenses when calculating their net income. 80% of the benefit of this proposal is to households with children.

Reindex the Standard Deduction.	0.0	0.0	0.0	0.0	0.1	0.1
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The standard deduction is a general deduction given to all households. The welfare bill froze it, no longer allowing it to index. The Administration's proposal would reindex it to ensure that benefits keep pace with inflation.

Vehicle Asset Limit.	0.0	0.0	0.1	0.1	0.1	0.2
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The welfare bill froze the Food Stamps vehicle asset limit (the maximum value of a car a household may own) which had previously been indexed. The Administration's proposal would increase and reindex the Vehicle Asset Limit, which has virtually been at the same level since 1977 even though the CPI for used cars has risen 125%.

<b>Subtotal, Food Stamps</b>	<b>0.8</b>	<b>0.6</b>	<b>0.6</b>	<b>0.4</b>	<b>0.8</b>	<b>3.1</b>
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**Medical Coverage for Low-Income Disabled Children**

	0.1	0.1	0.1	0.1	0.1	0.3
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The Administration's budget would allow disabled children who lose their SSI eligibility due to changes in the definition of childhood disability to retain their Medicaid health coverage.

## ADMINISTRATION BUDGET INITIATIVES

(mandatory outlays/receipts in billions of dollars, except where indicated otherwise)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>98-02</u>
<b>Education and Training</b>							
Tax incentives for education and training	0.084	4.044	6.199	7.848	8.632	9.386	36.109
School construction		1.250	1.250	1.250	1.250		5.000
Lower student loan fees		0.087	0.248	0.335	0.360	0.382	1.412
Third grade literacy		0.031	0.212	0.284	0.331	0.380	1.238
<b>Subtotal, Education and Training</b>	<b>0.084</b>	<b>5.412</b>	<b>7.909</b>	<b>9.717</b>	<b>10.573</b>	<b>10.148</b>	<b>43.759</b>
<b>Health Care</b>							
<b>Medicare:</b>							
Alzheimer's respite benefit		0.350	0.350	0.350	0.350	0.360	1.760
Diabetes management screenings		0.160	0.290	0.290	0.300	0.310	1.350
Colorectal screenings		0.090	0.250	0.340	0.480	0.560	1.720
Mammography without copayments		0.070	0.140	0.140	0.140	0.150	0.640
New preventive immunizations		0.040	0.070	0.080	0.090	0.100	0.380
Medicare demo for working disabled		0.010	0.020	0.030	0.040		0.100
Late enrollment premium surcharge fix		0.110	0.150	0.160	0.180	0.200	0.800
Outpatient coinsurance formula fix			1.120	1.250	1.840	2.580	6.790
<b>Subtotal, Medicare</b>		<b>0.830</b>	<b>2.390</b>	<b>2.640</b>	<b>3.420</b>	<b>4.260</b>	<b>13.540</b>
<b>Kids Health:</b>							
12-month kids continuous coverage		0.282	0.457	0.707	1.013	1.162	3.621
State partnership grants for kids coverage		0.812	0.880	0.977	1.099	1.118	4.886
Medicaid benefit restorations for immigrant kids		0.013	0.021	0.031	0.044	0.052	0.161
Medicaid costs of SSI-related actions	0.010	0.075	0.070	0.065	0.065	0.060	0.335
<b>Subtotal, Kids Health</b>	<b>0.010</b>	<b>1.182</b>	<b>1.428</b>	<b>1.780</b>	<b>2.221</b>	<b>2.392</b>	<b>9.003</b>

## ADMINISTRATION BUDGET INITIATIVES

(mandatory outlays/receipts in billions of dollars, except where indicated otherwise)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>98-02</u>
<b>Other health care:</b>							
Establish health insurance for families of workers in-between jobs		1.738	2.472	2.688	2.924		9.822
Grants to states for health insurance purchasing cooperatives		0.025	0.025	0.025	0.025	0.025	0.125
<b>Subtotal, other health care</b>		<u>1.763</u>	<u>2.497</u>	<u>2.713</u>	<u>2.949</u>	<u>0.025</u>	<u>9.947</u>
<b>Subtotal, Health Care</b>	<b>0.010</b>	<b>3.775</b>	<b>6.315</b>	<b>7.133</b>	<b>8.590</b>	<b>6.677</b>	<b>32.490</b>
<b>Welfare Reform</b>							
Move 1 million welfare recipients into jobs by 2000		0.600	0.975	1.000	0.400	0.025	3.000
Welfare-to-work tax credit		0.068	0.137	0.163	0.122	0.061	0.551
Amend Food Stamps provisions	0.362	0.836	0.659	0.600	0.405	0.835	3.335
Exempt disabled immigrants from Supplemental Security Income restrictions and extend eligibility for refugees and asylees	0.224	1.707	1.824	2.096	1.907	2.184	9.718
Medicaid benefits for disabled legal immigrants	0.029	0.606	0.772	0.944	1.150	1.263	4.735
<b>Subtotal, Welfare Reform</b>	<b>0.615</b>	<b>3.817</b>	<b>4.367</b>	<b>4.803</b>	<b>3.984</b>	<b>4.368</b>	<b>21.339</b>
<b>Environment</b>							
Tax incentives for distressed areas	0.040	0.424	0.500	0.502	0.469	0.410	2.305
<b>Subtotal, Environment</b>	<b>0.040</b>	<b>0.424</b>	<b>0.500</b>	<b>0.502</b>	<b>0.469</b>	<b>0.410</b>	<b>2.305</b>

## ADMINISTRATION BUDGET INITIATIVES

(mandatory outlays\receipts in billions of dollars, except where indicated otherwise)

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>98-02</u>
<b>District of Columbia</b>							
Discretionary:							
Criminal Justice		0.379	0.439	0.584	0.606	0.499	2.507
Economic Development		0.050					0.050
Local income tax collection		0.014	0.024	0.026	0.026	0.027	0.117
National Capital Infrastructure Fund		0.125	0.017	0.017	0.017	0.017	0.193
Subtotal, discretionary		<u>0.568</u>	<u>0.480</u>	<u>0.627</u>	<u>0.649</u>	<u>0.543</u>	<u>2.867</u>
Reduced local Medicaid match rate		0.156	0.169	0.182	0.197	0.213	0.918
DC tax incentive program		0.024	0.046	0.056	0.066	0.058	0.250
Offsets:							
Annual Federal payment		(0.660)	(0.660)	(0.660)	(0.660)	(0.660)	(3.300)
Federal contribution to retirement		(0.052)	(0.052)	(0.052)	(0.052)	(0.052)	(0.260)
<b>Subtotal, D.C.</b>		<u>0.036</u>	<u>(0.017)</u>	<u>0.153</u>	<u>0.200</u>	<u>0.102</u>	<u>0.475</u>

WR - Tax Credits

From: Kenneth S. Apfel on 02/20/97 06:40:06 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP

cc: Elena Kagan/OPD/EOP, Lyn A. Hogan/OPD/EOP

Subject: President's Remarks on WOTC

In reviewing the President's remarks at the Riverside Church in NYC on 2/18, my staff noted an inaccuracy in the characterization of the Administration's WOTC policy. This error was also made in the memo to the President on welfare caseload status. I wanted to clarify the WOTC budget proposals for the long-term welfare and food stamp "18 to 50s" populations to avoid any future confusion.

In addition to extending the base WOTC credit one year, the FY98 Budget includes two distinct WOTC proposals to target individuals affected by the welfare law:

- 1) **Enhanced WOTC Credit for Long-Term Welfare Recipients.** The current WOTC credit would be enhanced for long-term welfare recipients (not the "18-50s") for three years. The targeted enhancement would allow employers to claim a 50% credit on the first \$10,000 in wages per year, up to two years, for each worker hired who was once a long-term welfare recipient. In addition, employers can claim the cost of child care, health care, and training as wages for the purpose of the credit.
- 2) **Expand the Base WOTC Credit to Include the "18-50s"** In addition, WOTC would be expanded to make a new population eligible for the existing base credit for the next three years. (The WOTC base credit offers employers a 35% credit on the first \$6,000 in wages for one year.) Employers could claim the WOTC credit for hiring able-bodied childless adults aged 18-50 who are subject to a rigorous work requirement under the Administration's food stamp legislative proposal in the Budget. However, these employers would not be eligible for the same *enhanced* credit available to employers who hire long-term welfare recipients -- as is suggested by the quotation in attached article. Last week, I mentioned to you that I thought that the Budget provided this "18-50s" group the enhanced credit; that is incorrect.

## Job Creation & Retention Block Grant

One of the greatest concerns raised by the new welfare law is that sufficient jobs will not be available, particularly in depressed urban and remote areas, to move poor parents from welfare into permanent employment. According to estimates from the Congressional Budget Office (CBO), states already will have to invest an estimated \$12.3 billion over the next six years in work and training programs above the level of funding included in the block grant in order to comply with the new work requirements.

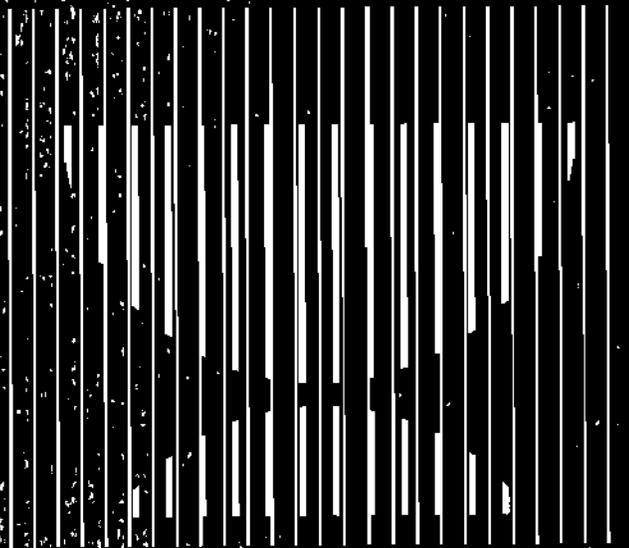
Much has been said rhetorically about the need to require welfare recipients to work. Now we need to find ways to remove the barriers to ensure that they can work. The overwhelming majority of welfare households are headed by women (94%). About 60% of these women have children younger than 6 years of age. If we are serious about moving welfare recipients from welfare to work, we must be serious about removing the barriers to work. The myth about welfare is that families receive it forever. The reality about welfare is that families cycle on and off. In the first year of welfare receipt, about half of those receiving welfare leave the system by the end of the second year, about 70% have left. By the end of five years, about 90% have left. The problem is that over two-thirds of these families return to welfare. Often quite quickly. Often for longer periods of time.

To ensure that welfare recipients can not only get a job, but keep a job, states and communities need to work together. The plight of some nine million children is at stake. Under welfare reform, the federal government is requiring a dramatic increase in personal responsibility from parents on welfare. To help these single women, who are balancing the need to care for their children and financially hold their own, we propose additional resources through the Job Creation and Retention Block Grant. It's not just about getting a job. It's about keeping a job. It's about self-sufficiency.

# CBO MEMORANDUM

FEDERAL BUDGETARY IMPLICATIONS  
OF THE PERSONAL RESPONSIBILITY  
AND WORK OPPORTUNITY  
RECONCILIATION ACT OF 1996

December 1996



CONGRESSIONAL BUDGET OFFICE

BOX 1.  
COST OF MEETING THE WORK REQUIREMENTS

The welfare reform legislation requires that a large and increasing percentage of welfare recipients participate in work or training programs. The Congressional Budget Office (CBO) estimates that the cost of a work program that meets those requirements could involve as many as 1.7 million participants by 2002 and could cost as much as \$21.2 billion over the 1997-2002 period (see the accompanying table). The estimate assumes that states maintain a level of quality in their work programs similar to the level that exists today, and that states do not attempt to avoid meeting the work requirements by transferring a large share of their current caseload in the Aid to Families with Dependent Children (AFDC) program to state-funded general assistance programs. Because the costs of meeting the work requirements are high, CBO's federal cost estimate assumes that states are more likely to accept penalties than to meet the requirements.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) does not specifically earmark any funding for work programs. Instead, the costs of work programs are one of the allowed expenditures under the Temporary Assistance for Needy Families (TANF) block grant. The block grant is set at \$16.4 billion a year—a level similar to recent federal spending on the AFDC, Job Opportunities and Basic Skills Training (JOBS), and emergency assistance programs. In 1994, federal and state spending on JOBS amounted to \$1.4 billion. If states continued to spend that amount on work programs, they would be underfunded by \$13.1 billion over the 1997-2002 period. States could spend a larger share of the block grant on work programs, however, if they reduced other services.

The act prohibits a state from cutting off assistance for refusal to work if an individual is the single parent of a child under age 6 and if suitable and affordable child care is not available. As a result, a state must assist TANF recipients in obtaining child care if it is to meet the law's work requirements. The law provides \$13.9 billion in federal funds for that purpose; together with the states' matching share, \$24.0 billion would be available for child care over the 1997-2002 period. In comparison, CBO estimates that if states met the work requirements, the cost of providing work-related child care would total only \$18.9 billion over the same period. However, if states provided child care to participants in work programs and maintained spending on the Transitional and At-Risk Child Care programs, which the new law repeals, they would have to spend a cumulative total of \$25.4 billion.<sup>1</sup> CBO's estimate assumes that in order to meet the work requirements of the law, states would have to pay all the costs of caring for children under age 6 and most of the costs for older children.

1. The Transitional Child Care program guaranteed child care for up to 12 months for families

13.1  
work

14  
ccare

**COMPARISON OF KEY FEATURES  
OF DRAFT BLUE DOG AND DASCHLE  
WELFARE TO WORK PROPOSALS**

	<b>Blue Dogs</b>	<b>Daschle Staff Draft</b>
<b>Funding</b>	\$3.575 billion '99-'02	\$3.575 billion '99-'02
<b>Responsible Agency</b>	HHS	Labor
<b>Formula</b>	56% State Grants 24% State Performance Bonuses 20% Competitive Grants to Communities	80% to States <ul style="list-style-type: none"> <li>• Must be spent in high poverty/unemployment "qualifying communities";</li> <li>• Allocation to two largest cities based on proportion of long term caseload;</li> <li>• 1% allocation to tribes that run own programs.</li> </ul> 20% State Performance Bonuses
<b>Use of Funds</b>	<ul style="list-style-type: none"> <li>• Job placement vouchers;</li> <li>• Contracts with job placement companies or organizations;</li> <li>• Wage subsidies;</li> <li>• Grants to non-profits for job creation;</li> <li>• Microenterprises;</li> <li>• Supportive services.</li> </ul>	<ul style="list-style-type: none"> <li>• Job placement vouchers;</li> <li>• Wage subsidies;</li> <li>• Job retention services.</li> </ul>
<b>Eligible Groups</b>	<ul style="list-style-type: none"> <li>• Long-term welfare recipients;</li> <li>• 18 to 50 years olds in danger of losing food stamps.</li> </ul>	<ul style="list-style-type: none"> <li>• TANF recipients;</li> <li>• Food stamp recipients.</li> </ul>
<b>Bonuses Reward Placement of Long-Term Recipients</b>	Yes.	Yes.

**DRAFT**

Draft 3/24/97

## Job Creation & Retention Block Grant

One of the greatest concerns raised by the new welfare law is that sufficient jobs will not be available, particularly in depressed urban and remote rural areas, to move poor parents from welfare into permanent employment. According to estimates from the Congressional Budget Office (CBO), states already will have to invest an estimated \$12.3 billion over the next six years in work and training programs above the level of funding included in the block grant in order to comply with the new work requirements.

Much has been said rhetorically about the need to require welfare recipients to work. Now we need to find ways to remove the barriers to ensure that they can work. The overwhelming majority of welfare households are headed by women (94%). About 60% of these women have children younger than six years of age. If we are serious about moving welfare recipients from welfare to work, we must be serious about removing the barriers to work. The myth about welfare is that families receive it forever. The reality about welfare is that families cycle on and off. In the first year of welfare receipt, about half of those receiving welfare leave the system. By the end of the second year, about 70% have left. By the end of five years, about 90% have left. The problem is that over two-thirds of these families return to welfare. Often quite quickly. Often for longer periods of time.

To ensure that welfare recipients can not only get a job, but keep a job, states and communities need to work together. The plight of some nine million children is at stake. Under welfare reform, the federal government is requiring a dramatic increase in personal responsibility from parents on welfare. To help these single women, who are balancing the need to care for their children and financially hold their own, we propose additional resources through the Job Creation and Retention Block Grant. It's not just about getting a job. It's about keeping a job. It's about self-sufficiency.

### Job Creation and Retention Block Grant:

The Job Creation and Retention Block Grant has the following goals:

- to focus on job creation and retention for long-term welfare recipients (those who have received cash assistance for longer than 18 months);
- to reach those who are at highest risk of reaching federal or state time limits; and
- to provide maximum state flexibility while rewarding job creation & retention.

### State Plan:

The state shall submit a plan to the Secretary of Labor, which includes the following:

- Description of activities for ensuring that former TANF or food stamp recipients placed in jobs are able to remain in the workforce for at least nine months;
- Description of activities for creating jobs through wage subsidies or contracts with private nonprofit agencies that would not otherwise have existed in the absence of such subsidies or contracts;
- Description of a job retention and creation voucher program in the event that a state chooses to implement such an option;

- Description of the relationship between activities supported under this block grant and activities undertaken by the state and participating communities under TANF;
- Description of qualifying communities within the state that will be served by the block grant and assurances that the state will target urban and rural areas with high rates of poverty;
- Description of the population groups to be served by the block grant;
- Assurances that the state/city and any qualifying communities would participate in the evaluation carried out under this block grant if selected by the Secretary to do so;
- Assurances that the state will comply with nondiscrimination and nondisplacement rules in administering the block grant; and,
- Assurances that the state will consult with local and county elected officials, private industry councils, local employment service agencies, and other appropriate planning agencies in order to ensure effective coordination with other programs and activities at the state, county, and community level.

**Eligible States:** A state may apply for funds if:

- it has an approved state plan
- total state spending on TANF related work programs in the prior fiscal year exceeded state spending on JOBS programs in FY96

**Eligible Individuals:**

- long-term recipients of cash assistance (18 months or more, not necessarily consecutive) and who are in danger of exhausting federal or state time limits
- single food stamp recipients between the ages of 18 and 50 (or those who have lost food stamps due to 3 months of receipt); provided that such assistance does not exceed 10% of the block grant funds

**Payments to States:**

80% of the funds would be allocated to states with approved state plans based on the states percentage of the national caseload of TANF recipients and food stamp recipients covered by the work requirements. States without approved plans would not be eligible for funds.

States are required to spend funds received under this block grant in qualifying communities within the state. A "qualifying community" for the purposes of this block grant is a jurisdiction with poverty and unemployment rates at least 20% higher than the state average. States shall be allowed to select among reasonable and reliable data sources to demonstrate the level of need within particular communities, subject to guidelines issued by the Secretary.

Each state must allocate a share of its funds to the two cities with the largest poverty populations commensurate with the proportion of long-term welfare recipients residing in those cities. The portion of the state plan under this program pertaining to activities in such

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cities must be jointly approved by the Governor and the Mayor of each respective city. Collaborative or cooperative agreements are necessary. Such cities also meet the definition of "qualifying communities" regardless of unemployment levels.

Prior to any disbursement of funds, 1% would be set aside for Native American tribes that choose to run their own job creation and retention program on reservations. Tribes would submit applications to the Secretary of Labor in the same manner as states.

### Performance Grants:

In addition to the grants above, the Secretary shall provide each state with an additional performance-based grant (based on job placement and retention) from the remaining 20% of funds. Bonus payments would be made as follows:

- a \$1,000 bonus payment for placement and retention for at least 9 months in an unsubsidized job of a long-term (18 months +) TANF recipient (or previous AFDC) or an individual who has lost food stamp benefits because of the time limit imposed by Section 6(o)(4) of the Food Stamp Act of 1977, as amended by PRWORA Section 824(a);
- a \$1,000 bonus payment for use of wage subsidies, vouchers, contracts with private nonprofit agencies to create a job that lasts at least 9 months and would not otherwise have existed in the absence of such subsidy, voucher, or contract;
- a \$500 bonus payment if the individual retained in a job under either the preceding bullets lacks a high school degree, has inadequate basic academic skills, or resides in an area with an unemployment rate in excess of 7 percent; and
- an additional \$500 bonus if the individual gets a GED prior to placement.

For purposes of this block grant, "retention" is defined as meeting one of the two following standards: (a) continuous employment of an individual in a single job for at least 9 months; or (b) immediate re-employment of an individual who loses a job during the first 9 months following placement such that the individual is employed for at least 9 months out of the 12 month period following initial placement (ie: an individual's first job may not work out, but the second or third job that the individual gets may turn into a long-lasting job).

Bonus money can only be used to put welfare recipients to work or retain welfare recipients in the workforce. Bonus money doesn't need to be matched, but it cannot be used as matching money for any other federal program.

If claims for performance bonuses exceed the total amount of funds available for performance bonuses, the Secretary shall make a pro rata reduction in the amount of each individual performance bonus.

**Matching Requirement:** States must meet 20% match requirements for receipt of their basic grant. No match is required to receive bonus payments. The 20% match must be in cash. However, the 20% state match cannot be counted toward the maintenance of effort requirement to receive TANF (states can't count their funds twice). The Secretary of Labor would have flexibility to assess tribal matching contributions on a case by case basis depending upon resources available to each tribe.

## Use of Funds:

Block grant funds shall be used to assist TANF recipients and food stamp recipients (and former recipients) in obtaining and retaining private sector employment.

- Job retention services (transportation, emergency day care, crisis payments, anti-domestic violence assistance, counseling, etc...) provided directly by the welfare agency or under contract by a private agency during the first nine months of employment for former TANF or food stamp recipients.
- Job retention vouchers given directly to recipients that could be redeemed by private job placement agencies that successfully place former TANF or food stamp recipients in an unsubsidized job that is held for at least 9 months;
- Wage subsidies to private employers and contracts to private nonprofit agencies to create jobs that last at least 9 months and would not otherwise have existed in the absence of such subsidy or contract, including but not limited to jobs created through microenterprise development.

## Vouchers:

Eligible individuals could be given a job retention or creation voucher to be redeemed by private employers or by private agencies who provide job retention services or sponsor job creation projects. States must establish minimum standards for employers and private agencies interested in participating who have been approved for participation in the voucher program. States would set the terms for redemption of vouchers, but no more than 25% of the voucher could be redeemed until the eligible individual has been employed for at least nine months.

## Prohibited Uses of Funds:

- Funds can't be used to satisfy matching requirements under other programs
- Funds can't be used to displace current workers (fire employees, layoff employees, cut hours or otherwise reduce their pay) or fill union vacancies
- Funds can't be used to create jobs in the public sector, except for Indian reservations and areas designated as Labor Surplus Areas by the U.S. Department of Labor or otherwise determined to have an insufficient number of jobs for low-skilled individuals in accordance with standards developed by the Secretary of Labor.

## Interaction with TANF:

- Assistance under this section shall not count toward TANF time limit
- Job Creation & Retention Block Grant funds are to supplement, not supplant TANF money, and the state plan shall describe such efforts.

**Administration:** Each state's share of administrative funds shall be based on the state's share of the total block grant. Administrative expenditures shall not exceed 7% of total spending. The Secretary of Labor would define "administrative".

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**Funding:** Mandatory appropriation to the Department of Labor of the following amounts:

FY99	\$ .350
FY2000	1.0
FY2001	1.1
FY2002	1.25

Funds would be available until expended.

**Evaluation:** The Secretary of Labor shall be required to contract with an appropriate entity for the design and implementation of a rigorous, multi-site evaluation of major strategies utilized and activities supported by states under this program. The Secretary is authorized to select no more than five sites to participate in a full-scale evaluation designed to assess the net impact of state/city programs through random assignment or other appropriate means. Less intensive data collection and evaluation mechanisms may be utilized to gather information about the activities undertaken by other states/cities receiving grants under the program. A total of one percent of funds available under the block grant would be reserved for the costs of evaluation activities.

In the event that a state's/city's activities, or a portion thereof, is selected for inclusion in the evaluation, the Secretary is authorized to waive a portion of the matching requirement in recognition of increased administrative and data-collection costs incurred by the state/city in conjunction with the evaluation.

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**Section 481 Grants for Welfare to Work programs**

(a) **Mandatory Appropriation** Provide a mandatory appropriation to HHS of the following amounts:

- 1999 -- \$350 million
- 2000 -- \$1 billion
- 2001 -- \$1.1 billion
- 2002 -- \$1.25 billion

(b) **Distribution of Funds** 80% of the funds would be distributed to states based on the formula in Section 483. The remaining 20% would be available for grants to cities and communities under Section 488.

(c) **Funds available until expended.** The funds would be available until expended. If states or communities do not draw down the full amount allocated to them in any year, the funds would be carried over to the next year and redistributed based on the 80/20 split.

**Section 482. State plan**

(a) **Contents of state plan.** The state shall submit to the Secretary of HHS a plan which includes the following:

- (1) Identifies a public-private partnership with an employment focus to administer welfare to work program
- (2) Describe activities for placing welfare recipients into private sector employment
- (3) Provide assurances that all recipients receiving assistance under the program have the option of receiving a job placement voucher and will be informed about their options for using a job placement voucher.
- (4) Describe how welfare to work funds will be coordinated with other programs
- (5) Identify populations to be served by the program
- (6) Identify communities or regions within the state that will be served by the program and provide assurances that the state will target high poverty areas
- (7) Certification that the administering entity will comply with non-displacement rules
- (8) Certify that the administering agency will consult with local communities, counties, JTPA Service Delivery Areas, local employment agencies, etc. in administering the program.

(b) **Federal role.** The Secretary shall review state plans to determine whether it complies with this section. All plans that contain the information required in subsection (a) shall be approved.

## Section 483 Grants for operation of welfare to work programs

### (a) Eligible states. A state may apply for funds if:

(1) It has a state plan for welfare to work that meets requirement of Section 481.

(2) Total state spending on work programs in the prior fiscal year exceeded state spending on JOBS programs in fiscal year in fiscal year 1996.

### (b) Contents of state application. A state application must include:

(1) Certification that the state needs additional funds to meet participation rates for TANF, provide employment for long-term TANF recipients, or food stamp beneficiaries.

(2) (A) Certification that the state has met program performance goals in the prior year, or,

(B) For states that failed to meet program performance goals, a corrective action plan.

(3) Certification that welfare to work funds will supplement, not supplant, state funds or funds from other federal grants.

(4) The number of projected placements of recipients in private sector employment with the grant by category

### (c) Payments to states

(1) 70% of the funds would be allocated to states with plans submitted under Section 482 based on the states percentage of the national caseload of TANF recipients and food stamp recipients covered by work requirements. States that did not submit plans meeting the requirements of Section 481 would not be eligible for funds, with the funds allocated to these states redistributed among the remaining states.

(2) States would receive \$2000 for each projected placement up to the state allocation.

(3) States which had failed to meet the program performance goals for two or more years would not receive any federal funds unless the state has a corrective action plan approved by the Secretary or provides the Secretary with a reason for the failure.

### (d) Performance grants.

(1) In addition to the grants under subsection (c), the Secretary shall provide each state with an additional grant from the remaining 30% based on placements. The bonus payments will vary based on the unemployment rate in the area of the placement, the length of time the individual had been on assistance, barriers to employment, and the earnings of the individual. Bonus payments would be varied as follows:

(A) A basic \$1000 bonus payment for each placement of a long-term (18+ month) TANF recipient or individuals who have lost food stamp benefits because of the food stamp time limit/work requirement

March 3, 1997 (2:42pm)

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(B) An additional \$500 bonus payment if the individual has one of a list of barriers to employment (lack of high school education, lack of basic skills, etc.)

(C) An additional \$1000 bonus payment if the individual placed is in an area with unemployment above 7%.

(D) An additional \$500 bonus payment if the earnings of the individual in the nine months following placement exceed 130% of poverty.

(E) An additional \$1000 bonus for individuals placed in new businesses created in areas of high unemployment / high poverty (to be defined) by leveraging public and private resources (i.e. tax abatement, etc.)

(2) If claims for performance bonuses exceeds the total amount of funds available for performance bonuses, the Secretary shall make a pro rata reduction in the amount of each individual performance bonus.

(c) **Matching requirements.** States must meet 20% match requirement for grants under subsection (c). There would be no matching requirement to receive performance payments under subsection (d)

### Section 485 Use of funds

(a) **In general.** The funds shall be used to assist TANF recipients and food stamp recipients in obtaining and keeping private sector employment.

#### (b) Specific uses

(1) Job placement vouchers given directly to recipients that could be redeemed by job placement companies that successfully place the recipient in a private sector job that is held for at least nine months or by employers who employ the recipient for at least nine months.

(2) Contracts with placement companies or with public job placement programs (i.e. Riverside). The contract must provide that the majority of funds would be paid after the individual had been placed in unsubsidized private sector employment for nine months.

(3) Work supplementation in private sector jobs, with the subsidy period limited to six months.

(4) Grants to non-profit organizations for job creation programs

(5) Microenterprises

(6) Supportive services (transportation, counseling, etc) during the first six months of employment for former TANF recipients who obtained private sector employment.

### (c) Job Placement Vouchers

(1) **Availability** All recipients would be eligible to receive a job placement voucher that could be redeemed by job placement agencies or employers who place the individual in private sector employment.

(2) **Accreditation** The administering entity would accredit placement agencies and employers that were eligible to redeem job placement vouchers. The entity would establish reasonable standards (areas for standards?) for placement agencies and employers to be eligible, but could not establish standards that had the effect of limiting the choices available to recipients of job placement vouchers.

(3) **Voucher rates.** States would set their own voucher rates. If the state provides for placement through contracts or other means in addition to vouchers, the voucher rates must be comparable to the payments for placements through these other activities.

(4) **Redemption.** The state would set the terms for redemption of vouchers, but no more than 25% of the voucher could be redeemed up front, and no more than 75% of the voucher may be redeemed until the recipient has been employed for nine months.

### (d) Prohibited uses.

(1) Funds couldn't be used to satisfy matching requirements under other programs

(2) Funds couldn't be used to displace current workers

(3) Funds couldn't be used to create public service jobs, except for Indian reservations or counties with unemployment exceeding 50%

### Section 486 Performance goals

The Secretary shall establish performance goals for states receiving assistance under this Part. The performance goals shall include:

(1) Goals for the percentage of individuals receiving assistance to be placed in private sector employment. The Secretary shall calculate the goal for each state after taking into account the unemployment and poverty rates in the state, the number of TANF recipients in the state, the work participation rate for the state (after the pro rata reduction in the rates for the state) and the size of the TANF grant to the state relative to the state's caseload.

(2) Goals for retention rates for individuals placed in private sector employment.

(3) Goals for earnings of TANF or food stamp recipients placed in private sector employment.

March 3, 1997 (2:42pm)

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only get  
part of  
16 million  
11 million?

## Section 487 Interaction with TANF

(a) Individuals who are receiving assistance under this section who lost eligibility for TANF because of earnings from employment shall be counted in TANF participation rates.

(b) Assistance under this section shall not count toward TANF time limit

why is this period  
→ considered  
reference in  
curriculum  
1/11/97

## Section 488 Administration

(a) **Authorization of appropriations.** Authorize such sums as may be necessary for grants to the public/private partnership designated by the state for administrative costs. Each state's share of administrative funds shall be based on the state's share of total mandatory funds paid under Section 483(a).

(b) **Use of administrative funds.** Administrative funds could be used to develop and implement a job placement voucher program, administer contracts with

(c) **Limitation on administrative funds** Administrative expenditures shall not exceed 7% of total spending by the lead organization

## Section 489. Grants to Communities

(a) **In General . -** The Secretary may make grants in accordance with this section to communities for innovative programs to move recipients of public assistance programs into private sector work

(b) **Contents of application.** Applications for funds under this section shall contain the following information:

- (1) Information on how the funds will be used to move welfare recipients into private sector employment
- (2) How the funds will be used to leverage private funds as well as state and local resources
- (3) For communities that have received grants under this section in previous years, information regarding the success of the community program in moving welfare recipients into work

(c) **Awarding of Grants . -**

(1) **In general . -** The Secretary shall award grants based on the quality of applications, subject to paragraphs (2) and (3).

(2) **Preference in awarding grants . -** In awarding grants under this section, the Secretary shall give preference to organizations which receive more than 50 percent of their funding from State government, local government or private sources.

(3) **Limitation on size of grant . -** The Secretary shall not award any grants under this section of more than \$10,000,000.

March 3, 1997 (2:42pm)

**(e) Reservation of funds.**

- (1) 25% of the funds would be reserved for grants to cities with populations greater than 1,000,000.
- (2) 25% of the funds would be reserved for grants to cities with populations between 250,000 and 1,000,000
- (3) 25% of the funds would be reserved for grants to cities with populations under 250,000 .

**(f) Issuance of Regulations** . - Not less than 6 months after the date of the enactment of this section, the Secretary shall prescribe such regulations as may be necessary to implement this section.

## **Agreement on Principles in Congressional Welfare-To-Work Proposals**

Since the President's August 1996 call for a Welfare-to-Work Jobs Challenge, Congress has developed two preliminary draft proposals to provide additional incentives to move welfare recipients into work. One of these draft proposals has been developed by Rep. Charles Stenholm, and the other by the staff of Senate Minority Leader Tom Daschle.

While the proposals differ in certain details, they embrace key Administration principles for moving welfare recipients into lasting jobs. The Administration looks forward to working with Congress to build on these principles and to develop a Welfare-to-Work Jobs Challenge that can be enacted with broad bipartisan support. Key features supported by the Administration include:

- **Resources to Create New Incentives for States, Communities, and Employers.** New funding in concert with TANF is needed to establish a coordinated effort offering strong incentives for States, communities, and businesses to move welfare recipients into work. Both Congressional proposals would provide more than \$3 billion to help meet the challenge of placing welfare recipients in lasting jobs.
- **Emphasis on Long-Term Welfare Recipients.** Welfare reform's success hinges on the ability to help the hardest-to-employ people -- long-term recipients -- get and keep jobs. The Welfare-to-Work Jobs Challenge must place a specific emphasis on moving long-term welfare recipients into jobs and providing the incentives and supports to keep them off welfare in the long run. Both Congressional proposals strongly support the goal of targeting long-term welfare recipients.
- **Assistance to Large Urban Areas.** Cities and communities must be a part of efforts to create jobs and place welfare recipients in work. The Congressional proposals build in mechanisms to ensure that funds flow to urban areas where assistance is needed most.
- **Bonuses to Encourage and Reward Performance.** States and communities must be given incentives to develop high performing welfare-to-work initiatives. A bonus system will encourage States to move more welfare recipients into long-lasting jobs. Both proposals establish bonus systems to reward the successful placement of long-term welfare recipients.
- **Flexibility for States and Communities to Design Programs Tailored to Their Own Needs.** One-size-fits-all programs will not work. States and communities need flexibility to develop innovative job placement and job creation strategies that reflect their own needs and circumstances. The Congressional proposals give States and communities wide latitude to design welfare-to-work strategies best suited to local needs.
- **Labor protections.** Welfare reform must be implemented in a way that respects the rights of all workers. The Congressional proposals include strong assurances of nondisplacement, nondiscrimination, and grievance procedures.

- **Vouchers.** The Administration supports voucher-like arrangements to empower welfare recipients with the tools and choices to help them get jobs and keep them. Both Congressional proposals include vouchers to help individuals become employed in the private sector.

The Administration strongly supports these principles and looks forward to working with Congress to develop broad bipartisan support for the Welfare-to-Work Jobs Challenge.

## Work Opportunity Tax Credit Proposals

	(\$ in millions)					
	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>'98-'02</u>
Current law:	147	87	29	9	1	273
Welfare-to-Work Proposals, 3 Years:						
Long-term welfare	32	68	84	67	36	287
Food stamps, 18-50	36	69	79	55	26	265
Total	68	137	163	122	62	552
Extension of Core						
WOTC, 1 Year:	128	157	93	31	10	419
Total, Proposals:	196	294	256	153	72	971

As a complement to the additional spending proposed for helping welfare recipients with job training and for job creation, the Budget proposes several changes to the Work Opportunity Tax Credit (WOTC). The WOTC is one tool in a diverse toolbox of flexible strategies designed to help people move from welfare to work and gain on-the-job experience. The WOTC initiatives proposed by the Administration join other education and job initiatives that will help welfare recipients make the transition to gainful employment. These changes provide tax incentives for employers to create new job opportunities for long-term welfare recipients and certain recipients of Food Stamps.

### Welfare-to-Work Proposals:

- Long-Term Welfare Recipients. The Budget would create a much-enhanced credit that focuses on those who most need help -- long-term welfare recipients. The new credit would allow employers to claim a 50% credit on the first \$10,000 in wages paid to an eligible hire for the first two years on the job. Wages include the costs of training, health benefits, and child care. The credit would be available for three years, through September 30, 2000.
- Food Stamp Recipients. The Budget also expands the existing WOTC tax credit by including able-bodied childless adults who, under the Administration's Food Stamp proposal, would face a more rigorous work requirement in order to continue receiving Food Stamps. This credit also would be available for three years and would be the same as the existing WOTC -- 35% of the first \$6,000 of first-year wages.

### Extension of the Core WOTC:

- The Budget includes a 1-year extension through September 30, 1998, of the core WOTC. This extension provides a transition between the current tax credit to the expansion for the population affected by welfare reform noted above.

Improvements in the WOTC:

The WOTC, authorized in the Small Business Job Protection Act of 1996, replaced the Targeted Jobs Tax Credit (TJTC) and includes many changes that will make it a better and more effective job creation credit. These include:

- Reducing potential windfalls to employers by increasing the pre-screening of applicants. Employers and job applicants must sign a form which acknowledges that pre-screening for WOTC eligibility has occurred before the job offer was made. Employers are required to seek certification for the tax credit within three weeks of the hiring date. Under the TJTC, pre-screening was not required.
- Reducing job churning by increasing the time an individual must be employed. Under the TJTC, the minimum employment period required before an employer could claim the credit was 120 hours. Under WOTC, it is 400 hours. This longer retention increases the prospect of a long-term attachment to the employer, provides more on-the-job experience, and is beneficial to both the employer and employee.

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DEPARTMENT OF HEALTH & HUMAN SERVICES

*Hastine*

ADMINISTRATION FOR CHILDREN AND FAMILIES  
370 L'Enfant Promenade, S.W.  
Washington, D.C. 20447

*Portion of Testimony Regarding  
Welfare to Work ONLY.*

TESTIMONY

OF

OLIVIA A. GOLDEN  
ADMINISTRATION FOR CHILDREN AND FAMILIES  
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE

COMMITTEE ON WAYS AND MEANS  
SUBCOMMITTEE ON HUMAN RESOURCES  
UNITED STATES HOUSE OF REPRESENTATIVES

FEBRUARY 13, 1997

care, family mediation, and voluntary relinquishment counseling for parents.

We will build on this momentum and continue to look for ways to

- o reduce barriers to permanency in Federal law and regulations through bipartisan collaborative efforts
- o shorten the time required to move children to permanence
- o reduce procedural barriers and promote practices that move children to permanency more quickly by examining a number of policy issues, such as reasonable efforts to ensure permanency and policies on timing and purpose of dispositional hearings.

The recent Congressional actions, the President's initiative, the willingness to work together at all levels of government and innovations in the field make our goals more achievable. We look forward to working with the Congress to realize these goals for children.

#### Welfare-to-Work Initiative

The enactment of PRWORA makes a dramatic and fundamental shift from a welfare system that too often fostered dependence to a new

system that promotes independence and work. To realize the full potential of this new law, welfare recipients must take on major new responsibilities to prepare for and accept work. States and cities must exercise the flexibility provided to undertake new and innovative approaches to preparing recipients for self-sufficiency and work. Private businesses, religious organizations and community groups must join in the President's challenge to create jobs for those hardest to place. In addition, we urge Congress to join with the Administration in enacting two critical additions -- an enhanced Work Opportunity Tax Credit and the Welfare to Work Jobs Challenge.

The President recently suggested that communities should use "employment councils" like the one in Kansas City to help in meeting the requirements of welfare reform. Under the Job Training Partnership Act, 640 similar councils in place across the country engage over 10,000 private sector volunteers in overseeing the training and placement into jobs of welfare recipients, other low income adults and youth, as well as dislocated workers. We anticipate that States and communities will actively engage these councils in meeting the Welfare to Work Jobs Challenge.

These elements provide the tools for an effective welfare to work strategy and help us make the promise of welfare reform real. This Administration is dedicated to the realization of that

promise. The President's FY 1998 budget would greatly enhance and target the Work Opportunity Tax Credit to provide powerful, new private-sector financial incentives to employers to create jobs for long-term welfare recipients. The enhanced Work Opportunity Tax Credit would allow employers to claim a 50-percent credit on the first \$10,000 a year of wages, for up to two years, for workers that they hire who were long-term welfare recipients. In addition, the President proposes to expand the existing tax Work Opportunity Tax Credit to include able-bodied childless adults aged 18 to 50, who, under the Administration's Food Stamp proposal, would face a more rigorous work requirement in order to continue to receive Food Stamps.

The Welfare to Work Jobs Challenge proposed by the President is designed to help States and cities move a million of the hardest-to-employ welfare recipients into lasting jobs by the year 2000. It provides \$3 billion over 3 years in mandatory financing through the Department of Labor for job placement and job creation. States and cities can use these funds to provide subsidies and other incentives to encourage private business to hire welfare recipients.

It is now widely recognized that a more targeted job placement and creation measure is needed to complement the TANF Block Grant if we are to make welfare reform work. The Jobs Challenge is intended to meet this need. We look forward to working closely

with the Congress in exploring ways to assist States and localities in helping welfare recipients who can't find jobs on their own transition from welfare into real private sector jobs.

Another major focus for the Administration is to change parts of the welfare reform law that have nothing to do with welfare reform. When the President signed the Welfare Reform bill he made clear his disappointment with the harsh benefits to immigrants provisions in the bill. The President stated:

"My Administration supports holding sponsors who bring immigrants into this country more responsible for their well-being. Legal immigrants and their children, however, should not be penalized if they become disabled and require medical assistance through no fault of their own."

The President's FY 1998 budget makes good on this promise to correct provisions that were included to save money, and which burden States and punish children and the disabled. We are pleased that the governors, in an NGA resolution several weeks ago, agreed -- we must not balance the budget on the backs of States or legal immigrants.

**Comparison of Alternative Discretionary Levels**  
(dollars in billions)

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	FY_1997	FY_1998	FY_1999	FY_2000	FY_2001	FY_2002	FY 1997 Compared to FY 2002	
							Nominal Change	Real Change
<b>OMB Current Services Baseline</b>								
<b>Defense Discretionary:</b>								
Function 051								
BA.....	253.7	261.1	269.0	277.0	285.4	293.9	15.9%	1.9%
OL.....	256.0	253.5	264.1	269.4	277.4	283.5	10.8%	-2.6%
Function 053/054								
BA.....	12.1	12.5	12.8	13.2	13.5	13.9	14.2%	0.5%
OL.....	12.7	11.9	12.6	12.8	13.1	13.6	7.0%	-5.8%
<b>Total Defense Discretionary</b>								
BA.....	265.8	273.6	281.8	290.2	298.9	307.8	15.8%	1.9%
OL.....	268.7	265.4	276.7	282.2	290.5	297.1	10.6%	-2.7%
<b>Non-Defense Discretionary:</b>								
Priorities								
BA.....	93.5	96.2	98.9	101.7	104.5	107.5	14.9%	0.4%
OL.....	89.0	93.0	98.7	100.2	102.6	105.5	18.6%	3.7%
Other NDD								
BA.....	149.4	161.6	170.3	177.5	184.3	191.3	28.0%	11.9%
OL.....	193.1	194.9	200.0	204.2	208.7	214.8	11.2%	-2.8%
<b>Total Non-Defense Discretionary</b>								
BA.....	242.9	257.8	269.2	279.2	288.9	298.8	23.0%	7.5%
OL.....	282.0	288.0	298.7	304.4	311.3	320.3	13.6%	-0.8%
<b>Total Discretionary</b>								
BA.....	508.8	531.4	551.0	569.4	587.7	606.6	19.2%	4.5%
OL.....	550.7	553.4	575.4	586.6	601.8	617.4	12.1%	-1.7%

**Comparison of Alternative Discretionary Levels**  
(dollars in billions)

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	FY_1997	FY_1998	FY_1999	FY_2000	FY_2001	FY_2002	FY 1997 Compared to FY 2002	
							Nominal Change	Real Change
<b>FY 1998 Budget</b>								
<b>Defense Discretionary:</b>								
Function 051								
BA.....	250.9	251.6	257.2	263.5	270.3	278.4	11.0%	-2.4%
OL.....	255.2	248.4	250.1	255.9	256.9	262.3	2.8%	-9.6%
Function 053/054								
BA.....	12.1	14.4	12.7	12.0	11.7	11.3	-6.8%	-18.0%
OL.....	12.7	11.7	12.0	11.8	11.6	11.6	-8.8%	-19.8%
<b>Total Defense</b>								
BA.....	263.1	266.0	269.8	275.5	282.0	289.8	10.1%	-3.1%
OL.....	268.0	260.1	262.1	267.7	268.6	273.9	2.2%	-10.1%
<b>Non-Defense Discretionary:</b>								
Priorities								
BA.....	93.5	101.0	103.0	102.8	104.5	106.2	13.6%	-0.8%
OL.....	89.0	94.4	101.5	103.5	104.4	105.2	18.3%	3.4%
Other NDD								
BA.....	149.2	163.5	162.6	164.2	163.0	164.6	10.3%	-3.6%
OL.....	193.1	193.0	193.9	192.6	188.1	188.1	-2.6%	-14.9%
<b>Total Non-Defense Discretionary</b>								
BA.....	242.7	264.5	265.6	267.0	267.4	270.8	11.6%	-2.5%
OL.....	282.1	287.3	295.4	296.2	292.5	293.3	4.0%	-9.1%
<b>Total Discretionary</b>								
BA.....	505.8	530.5	535.4	542.5	549.4	560.6	10.8%	-2.8%
OL.....	550.0	547.5	557.5	563.9	561.0	567.2	3.1%	-9.6%

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**Comparison of Alternative Discretionary Levels**  
(dollars in billions)

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	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 1997 Compared to FY 2002	
							Nominal Change	Real Change
<b>President's Budget with Potential Reductions:</b>								
<u>Defense</u>								
BA.....	263.1	266.0	269.8	275.5	282.0	289.8	10.1%	-3.1%
OL.....	268.0	260.1	262.1	267.7	268.6	273.9	2.2%	-10.1%
<u>Non-Defense</u>								
BA.....	242.7	254.8	259.4	260.1	259.0	262.1	8.0%	-5.6%
OL.....	282.1	283.6	289.4	288.9	284.8	285.1	1.1%	-11.7%
<u>Total Discretionary</u>								
BA.....	505.8	520.8	529.2	535.6	541.0	551.9	9.1%	-4.3%
OL.....	550.0	543.7	551.5	556.6	553.3	559.0	1.6%	-10.9%
<b>President's Budget with Trigger:</b>								
<u>Defense</u>								
BA.....	263.1	266.0	269.8	275.5	270.6	278.0	5.7%	-7.0%
OL.....	268.0	260.1	262.1	267.7	261.2	264.0	-1.5%	-13.3%
<u>Non-Defense</u>								
BA.....	242.7	264.5	265.6	267.0	256.6	259.8	7.1%	-6.4%
OL.....	282.1	287.3	295.4	296.2	286.2	283.4	0.4%	-12.2%
<u>Total Discretionary</u>								
BA.....	505.8	530.5	535.4	542.5	527.2	537.9	6.3%	-6.8%
OL.....	550.0	547.5	557.5	563.9	547.4	547.3	-0.5%	-12.8%
<b>Coalition:</b>								
<u>Defense</u>								
BA.....	265.8	269.0	271.5	275.5	282.0	289.8	9.0%	-4.1%
OL.....	268.7	261.5	263.8	269.2	269.4	274.4	2.1%	-10.2%
<u>Non-Defense</u>								
BA.....	242.9	241.6	246.6	248.4	248.6	255.1	5.0%	-8.2%
OL.....	282.0	275.0	276.8	276.2	275.8	277.9	-1.5%	-13.9%
<u>Total Discretionary</u>								
BA.....	508.8	510.6	518.1	523.9	530.6	544.9	7.1%	-6.1%
OL.....	550.7	536.5	540.6	545.4	545.2	552.3	0.3%	-12.1%

**Comparison of Alternative Discretionary Levels**  
(dollars in billions)

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	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001	FY 2002	FY 1997 Compared to FY 2002	
							Nominal Change	Real Change
<b>CBO Freeze:</b>								
<b>Defense</b>								
BA.....	265.8	265.8	265.8	265.8	265.8	265.8	0.0%	-12.0%
OL.....	267.5	264.0	263.6	266.1	260.3	263.2	-1.6%	-13.5%
<b>Non-Defense</b>								
BA.....	244.3	245.9	246.0	246.0	246.0	246.0	0.7%	-12.0%
OL.....	281.0	280.8	278.1	276.3	274.2	272.9	-2.9%	-15.1%
<b>Total Discretionary</b>								
BA.....	510.1	511.8	511.8	511.9	511.9	511.9	0.3%	-12.0%
OL.....	548.5	544.7	541.7	542.4	534.5	536.1	-2.3%	-14.3%
<b>FY 1997 Budget Resolution:</b>								
<b>Defense</b>								
BA.....	266.4	269.0	271.5	274.0	276.7	279.5	4.9%	-7.7%
OL.....	265.0	263.9	267.0	270.7	269.7	269.6	1.8%	-10.5%
<b>Non-Defense</b>								
BA.....	231.0	224.7	219.8	224.6	214.4	221.1	-4.3%	-16.3%
OL.....	273.6	263.1	258.4	254.6	246.5	244.6	-10.6%	-21.9%
<b>Total Discretionary</b>								
BA.....	497.4	493.7	491.3	498.6	491.1	500.6	0.7%	-11.8%
OL.....	538.6	527.0	525.5	525.3	516.2	514.2	-4.5%	-16.3%
<b>Outlay Freeze:</b>								
<b>Defense</b>								
BA.....	265.8	272.4	267.4	274.8	275.6	275.0	3.5%	-9.0%
OL.....	268.7	268.8	266.6	268.4	269.1	269.2	0.2%	-11.8%
<b>Non-Defense</b>								
BA.....	242.9	249.0	244.3	251.1	251.8	251.3	3.5%	-9.6%
OL.....	282.0	281.9	284.1	282.4	281.6	281.5	-0.2%	-12.8%
<b>Total Discretionary</b>								
BA.....	508.8	521.4	511.7	525.9	527.4	526.4	3.5%	-9.3%
OL.....	550.7	550.7	550.7	550.7	550.7	550.7	0.0%	-12.3%

**FY 1993 Current Services vs. Actual Spending**  
(dollars in billions)

03-Apr-97

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							<b>FY 1993 Compared To FY 1997</b>	
							<b>Nominal Change</b>	<b>Real Change</b>
		<u>FY 1993</u>	<u>FY 1994</u>	<u>FY 1995</u>	<u>FY 1996</u>	<u>FY 1997</u>		
<b>OMB Current Services - FY 1994 Budget:</b>								
Defense .....	BA	274.3	288.2	296.6	304.7	313.0	14.1%	4.0%
	OL	292.1	289.9	294.1	300.0	306.8	5.0%	-4.3%
Non-Defense .....	BA	241.9	249.9	258.1	272.6	281.2	16.2%	5.6%
	OL	256.2	264.6	274.1	280.2	287.4	12.2%	1.9%
Total.....	BA	516.2	538.1	554.7	577.3	594.2	15.1%	4.5%
	OL	548.3	554.5	568.2	580.2	594.2	8.4%	-1.6%
 <b>NOTE: Defense at current services. First Clinton Budget actually used policy adjusted current services for Defense.</b>								
 <b>Actual Spending:</b>								
Defense .....	BA	276.1	262.2	267.8	265.0	261.0	-5.5%	-14.6%
	OL	292.4	282.2	273.5	266.0	266.4	-8.9%	-17.7%
Non-Defense .....	BA	245.6	249.8	237.1	237.4	242.7	-1.2%	-10.8%
	OL	250.0	263.4	272.1	268.4	282.1	12.8%	1.8%
Total.....	BA	521.7	512.1	504.9	502.5	503.7	-3.5%	-12.9%
	OL	542.5	545.6	545.7	534.4	548.5	1.1%	-8.8%
 <b>Actual Spending less Current Services:</b>								
Defense .....	BA	1.8	-25.9	-28.7	-39.7	-52.1	---	---
	OL	0.3	-7.7	-20.6	-34.1	-40.4	---	---
Non-Defense .....	BA	3.7	-0.1	-21.0	-35.2	-38.5	---	---
	OL	-6.2	-1.2	-2.0	-11.7	-5.3	---	---
Total.....	BA	5.5	-26.0	-49.8	-74.8	-90.5	---	---
	OL	-5.8	-8.9	-22.5	-45.8	-45.7	---	---

## WELFARE SAVINGS OPTIONS

### OMB Estimates

(Fiscal years, dollars in billions)

	1998-2002
<b>BASE PACKAGE</b>	<b>21.3</b>
Benefits for Immigrants	14.6
Food Stamp Restorations	3.1
Welfare to Work	3.6
<b>IMMIGRANTS</b>	
<b>TIGHTEN DISABILITY EXEMPTIONS</b>	
- In SSI and Medicaid, deem for new immigrants who become disabled.	-2.8
- In Medicaid, deem for new immigrants who become disabled. In SSI, deem for new immigrants and new applicants who are currently in the country who apply for benefits after age 65.	-3.3
- In Medicaid, deem for new immigrants. In SSI, deem for everyone not currently receiving benefits.	-3.6
- In Medicaid, deem for new immigrants. In SSI, deem for all immigrants not already receiving disability benefits.	-5.5
- No SSI exemption for the disabled.	-8.9
- No SSI or Medicaid exemption for the disabled.	-13.6
<b>DELAY BENEFIT BANS</b>	
- 2 year delay for SSI, Medicaid and Food Stamp recipients	-8.0
- 2 year delay for disabled SSI, Medicaid and Food Stamp recipients	-9.0
- Propose no change to current law bans.	-14.6
<b>FOOD STAMPS</b>	
Delay reindexing of standard and vehicle deductions	-0.4
Maintain cap on excess shelter deduction	-0.6
Terminate 18-50's benefits after 6 months (no work slot required)	-0.8
Propose no change to current law 18-50s time limit.	-2.2
Propose no changes to current law.	-3.1

ALL ESTIMATES ARE PRELIMINARY AND SUBJECT TO CHANGE. MEDICAID ESTIMATES HAVE NOT BEEN SCORED BY THE HCFA ACTUARIES.

## WELFARE SAVINGS OPTIONS

### ADMINISTRATION'S FY98 BUDGET PROPOSAL

**Benefits for Immigrants.** The President's proposal would exempt immigrant children and immigrants who become disabled after entry from SSI and Medicaid bans and deeming restrictions. The proposal would also extend the SSI and Medicaid exemption for refugees and asylees from 5 years to 7 years after entry. Cost: \$14.6 billion.

**Food Stamp Restorations.** The President's proposal changes the "3 in 36" month benefit time limit on able-bodied recipients aged 18-50 (which would affect 635,000 recipients) in four ways: 1) changes the time limit to 6 months in 12; 2) provides \$280 million for States to create work slots; 3) imposes sanctions on those who refuse to work; and, 4) provides States with more authority to provide FS benefits as wages. In addition, the proposal would reindex the Standard Deduction and the Vehicle Asset Limit, both frozen in the welfare bill. The proposal would accelerate planned increases in the excess shelter deduction and eliminate the cap on the deduction in FY02 allowing low income families (80% with children) with high housing costs to deduct the full cost of housing expenses. Cost: \$3.1 billion.

**Welfare to Work.** The President proposes a \$3 billion Welfare to Work Challenge Fund and an enhanced and expanded Work Opportunity Tax Credit. Cost: \$3.6 billion.

### IMMIGRANTS SAVINGS OPTIONS

**Tighten Disability Exemptions.** The following options would reduce the cost of the legal immigrants exemption by deeming the income of the sponsors of immigrants to the immigrant, by limiting the immigrant populations eligible the exemptions, or by limiting the type of benefits restored under the exemption.

- **In SSI and Medicaid, deem for new immigrants who become disabled.** This alters the Administration proposal by assigning (i.e., "deem") the income of sponsors of new immigrants to the immigrant for the purpose of determining income eligibility. *New* immigrants are defined as those who enter the country in the future. Under last year's legislation, new immigrants will generally be required to have their sponsor sign a new legally binding affidavit of support. Consequently, these immigrants could be more able to turn to their sponsor for support if they become disabled. For SSI, most of the cost of the Administration's proposal are from immigrants already in the U.S. so this option has limited impact on SSI costs. For Medicaid, only approximately half of the costs of the proposal are from immigrants already in the country so this alternative has more significant impact on Medicaid costs. The policy on children and refugees would be unchanged. Savings: \$2.8 billion.

- In Medicaid, deem for new immigrants who become disabled. In SSI, deem for new immigrants and for new applicants who are currently in the country who apply for benefits after age 65.** This alters the Administration proposal by deeming the income of sponsors of all new immigrants, as in the above option, and new applicants for benefits who apply after age 65. Unlike immigrants who became disabled before age 65, the sponsors of elderly immigrants could be expected to support immigrants when they reach retirement age regardless of the immigrant's disability status. This option would not impose deeming on any immigrants currently receiving SSI. By 2002, the Administration's proposal would retain SSI for approximately 350,000 immigrants whereas this option would retain SSI for roughly 275,000 immigrants. The policy on children and refugees would be unchanged. Savings: \$3.3 billion.
- In Medicaid, deem for new immigrants. In SSI, deem for everyone not currently receiving benefits.** This option would limit the full SSI disability exemption to those already receiving benefits, including elderly immigrants currently receiving benefits on the basis of age. New SSI applicants would be deemed, regardless of their age. By 2002, this option would retain SSI for roughly 250,000 immigrants. The policy for children and refugees would be unchanged. Savings: \$3.6 billion.
- In Medicaid, deem for new immigrants. In SSI, deem for all immigrants not already receiving disability benefits.** In SSI only immigrants currently receiving disability benefits would be grandfathered. Elderly recipients who reapply for benefits on the basis of disability would be subject to deeming for SSI but would retain access to Medicaid. The policy on children and refugees would be unchanged. Savings: \$5.5 billion.
- No SSI exemption for the disabled.** This proposal would continue to provide access to Medicaid as provided in Administration's proposal. However, it would not provide cash benefits to disabled immigrants. (Option also provides continued Medicaid to some elderly recipients currently receiving Medicaid who are not included in Administration's proposal). The policy on children and refugees would be unchanged. Savings: \$8.9 billion.
- No SSI or Medicaid restoration for disabled immigrants.** This proposal would not provide cash or Medicaid benefits to disabled immigrants. The policy on children and refugees would be unchanged. Savings: \$13.6 billion.

**Delay Benefit Bans.** An alternative to tightening the exemptions would be to delay the SSI, Medicaid and Food Stamp immigrant bans. While a delay would be easier to implement, advocacy groups are very opposed to this option.

- Two year delay for all current recipients of SSI, Medicaid and Food Stamps.** This proposal would replace Administration proposal for disabled with a two year delay on benefit restrictions for all current recipients for SSI, Medicaid and Food Stamps. This option would provide short term assistance for all current recipients but no long-term protection for disabled immigrants. The policy on children and refugees would be

unchanged. Savings: \$8 billion.

- **Two year delay for all current *disabled* recipients of SSI, Medicaid and Food Stamps.** Replace Administration proposal for disabled with a two year delay on benefit restrictions only for current disabled recipients for SSI, Medicaid and Food Stamps. This option would provide short term assistance for all current recipients but no long-term protection for disabled immigrants. Policy on children and refugees would be unchanged. Savings: \$9 billion.
- **Maintain current law -- no SSI or Medicaid restorations.** This proposal would not restore cash or Medicaid benefits to disabled immigrants, children or refugees. Savings: \$14.6 billion.

### FOOD STAMP SAVINGS OPTIONS

- **Delay reindexing of Standard & Vehicle Deductions** This option would delay reindexing of Standard & Vehicle Deductions until FY2003. Under current law the standard deduction will erode by 18% by FY02. Since the proposal would only reindex it in FY02, little impact would be felt by eliminating this improvement. We do not have estimates of the impact of the vehicle asset limit at this time, however the changes would largely benefit the rural and working poor. Savings \$0.4 billion.
- **Maintain Cap on Excess Shelter Deduction** This option would maintain a cap on the excess shelter deduction and not reindex it until FY2003 (beyond the budget window). The current law scheduled increases in FY99 and 01 would still occur. Savings: \$0.6 billion.
- **Reduce Costs of 18 to 50s Provision** This option would terminate benefits to all childless recipients between the ages of 18 to 50 after six months (in any 12) unless they are working. States would not be required to offer individuals a work slot. In FY98, approximately 200,000 -300,000 individuals would not be offered a work opportunity and would therefore lose their food stamp eligibility. Savings: \$0.8 billion.
- **Maintain welfare law's 18-50s provision.** Do not propose changes to moderate the "3 in 36" month time limit on able bodied food stamp recipients between the ages of 18 to 50. Under current law, a monthly average of approximately 635,000 food stamp recipients would lose their eligibility in FY98 because they cannot find work. Savings: \$2.2 billion.
- **Propose no change to current law.** Maintain the welfare bill's 18-50s time limit, maintain the cap on the excess shelter deduction, and freeze the standard and vehicle deductions. Savings: \$3.1 billion.

WIM



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

March 25, 1997

Memorandum For: Jack Lew  
Bruce Reed  
Gene Sperling

From: Ken Apfel 

Subject: Congressional Briefing On Welfare Proposals

Attached, please find materials for the March 26, 2:00 pm Congressional briefing on the welfare proposals in the FY98 Budget.

- Tab 1** Handout -- Overview of Welfare Budget Proposals
- Tab 2** Background Information on Welfare to Work proposals.
- Tab 3** Background Information on Immigrants proposals.
- Tab 4** Background Information on Food Stamps "18-50's" proposal.



**Welfare to Work and Changes to Immigrants and Food Stamps Proposals  
In the FY 98 Budget  
(Outlays in Billions)**

<u>Welfare to Work</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>5 Year</u>
Welfare to Work Jobs Challenge.	0.6	1.0	1.0	0.4	0.0	3.0
<p>The Jobs Challenge is designed to help States and cities move a million of the hardest-to-employ welfare recipients into lasting jobs by the year 2000. It provides \$3 billion in mandatory funding for job placement and job creation. States and cities can use these funds to provide subsidies and other incentives to private business. The Federal Government also will encourage States and cities to use voucher-like arrangements to empower individuals with the tools and choices to help them get &amp; keep jobs.</p>						
Enhance WOTC for Welfare Recipients.	0.0	0.1	0.1	0.1	0.0	0.3
<p>For employers, the budget proposes tax incentives to create new job opportunities for long-term welfare recipients. The budget would create a much-enhanced credit that focuses on those who most need help – long-term welfare recipients. The new credit would let employers claim a 50% credit on the first \$10,000 a year of wages for up to two years, for workers they hire who were long-term welfare recipients.</p>						
Extend WOTC for 18-50's.	0.0	0.1	0.1	0.1	0.0	0.3
<p>The budget also expands the existing WOTC tax credit by including able-bodied childless adults who, under the Administration's Food Stamp proposal, would face a more rigorous work requirement in order to continue receiving Food Stamps.</p>						
<b>Subtotal, Welfare to Work*</b>	<b>0.7</b>	<b>1.1</b>	<b>1.2</b>	<b>0.5</b>	<b>0.1</b>	<b>3.6</b>

\*Totals may not add due to rounding.

	1998	1999	2000	2001	2002	1998 - 2002
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**Restore Benefits for Immigrants**

**Benefits for Disabled Immigrants.**

SSI Costs	1.6	1.7	1.9	1.8	2.0	8.9
Medicaid Costs	0.6	0.8	0.9	1.1	1.3	4.7
<b>Total</b>	<b>2.2</b>	<b>2.4</b>	<b>2.9</b>	<b>2.9</b>	<b>3.3</b>	<b>13.7</b>

The Administration's budget would restore SSI benefits for 310,000 legal immigrants who become disabled after their entry into the U.S., in recognition of the fact that they cannot provide for their own support through work. Of those 310,000 legal immigrant adults, approximately 190,000 would have Medicaid coverage restored. Barring legal immigrants who played by the rules from these safety net programs is unfair and shortsighted.

<b>Benefits for Immigrant Children.</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.4</b>
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The welfare reform law denies SSI and Medicaid to many legal immigrant children who become seriously ill, or have an accident and become disabled, and whose families fall on hard times. Under the Administration's proposal, legal immigrant children would continue to be eligible for SSI and Medicaid. In FY 1998, this proposal would protect SSI and Medicaid eligibility for about 8,000 disabled immigrant children, and ensure medical care for about another 30,000 non-disabled children.

<b>Extention for Refugees and Asylees.</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.1</b>	<b>0.6</b>
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The welfare bill exempted refugees and asylees from the benefit restrictions for their first five years in the country. The budget would lengthen the exemption for refugees and asylees from 5 to 7 years to provide a more appropriate time for refugees and asylees to become citizens. It would protect eligibility for about 17,000 refugees and asylees in FY 1998.

<b>Subtotal, Benefits for Immigrants</b>	<b>2.3</b>	<b>2.6</b>	<b>3.1</b>	<b>3.1</b>	<b>3.5</b>	<b>14.6</b>
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	1998	1999	2000	2001	2002	1998 - 2002
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**Food Stamps**

18-50's Work Requirement.	0.7	0.6	0.4	0.3	0.2	2.2
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The Administration's proposal reconfigures the "3 in 36" time limit in the welfare statute in 4 key ways: (1) It changes the time limit to 6 months in 12; (2) Provides additional funds of \$280 million total in FY's 97-02 to enable States to create work for people willing to work; (3) Imposes tough sanctions while protecting those who are willing to work; and (4) Provides States with more authority to provide Food Stamps as wages.

Shelter Deduction.	0.1	0.0	0.1	0.0	0.4	0.6
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The Administration's proposal would accelerate planned increases in the excess shelter deduction and would eventually eliminate the cap on the deduction in FY02, allowing low-income families with high housing costs to deduct the full cost of their housing expenses when calculating their net income. 80% of the benefit of this proposal is to households with children.

Reindex the Standard Deduction.	0.0	0.0	0.0	0.0	0.1	0.1
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The standard deduction is a general deduction given to all households. The welfare bill froze it, no longer allowing it to index. The Administration's proposal would reindex it to ensure that benefits keep pace with inflation.

Vehicle Asset Limit.	0.0	0.0	0.1	0.1	0.1	0.2
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The welfare bill froze the Food Stamps vehicle asset limit (the maximum value of a car a household may own) which had previously been indexed. The Administration's proposal would increase and reindex the Vehicle Asset Limit, which has virtually been at the same level since 1977 even though the CPI for used cars has risen 125%.

<b>Subtotal, Food Stamps</b>	<b>0.8</b>	<b>0.6</b>	<b>0.6</b>	<b>0.4</b>	<b>0.8</b>	<b>3.1</b>
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**Medical Coverage for Low-Income Disabled Children**

	0.1	0.1	0.1	0.1	0.1	0.3
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The Administration's budget would allow disabled children who lose their SSI eligibility due to changes in the definition of childhood disability to retain their Medicaid health coverage.

III. IMAKANTS

## **Talking Points Benefits to Immigrants**

- Restoring benefits for vulnerable legal immigrants is a major Administration priority. The Budget includes \$14.6 billion to correct the problems in the Welfare Reform bill, over 80% of the funds in this area.
- We will press this issue in the budget negotiations with Congress. We have received mixed messages from Congress to date. Indications of Congressional interest in a block grant to states shows that the issue is alive. However, a block grant is not the solution and is not something we support. What is needed is to restore access to SSI and Medicaid for disabled immigrants and immigrant children and extend the length of time refugees have access to these programs.
- We have already shown that in negotiations with Congress we can make progress in this area. As you know, in the Immigration bill the Administration achieved a six month grace period for current Food Stamp recipients from immigrant bans enacted in Welfare Reform.
- Your support for our proposal is crucial. We will continue to press on this issue but it is important that you help educate the public about the issue and our proposal.

### Background -- Welfare Reform:

- banned from SSI most legal immigrants currently receiving benefits as well as future applicants, affecting approximately 430,000 immigrants. The Administration's budget would continue SSI for legal immigrants who become disabled after they enter the country. This would maintain eligibility for 320,000 immigrants.
- banned from Medicaid immigrants entering after the date of enactment for their first five years in the country and after the ban would deem sponsor's income to the immigrant. In addition, many immigrants currently in the country will lose access to Medicaid when they lose SSI. The Administration's budget would continue Medicaid for legal immigrants who become disabled after they enter the country and legal immigrant children if their family is impoverished.
- denied Food Stamps to most legal immigrants currently receiving benefits as well as future applicants, affecting approximately a million immigrants. Last year's Omnibus Consolidated Revenues and Appropriations Act delayed the ban from January 1 to April 1 to give immigrants in the process of naturalizing time to complete that process prior to having their benefits eliminated. Recognizing the effort that many are making to become citizens, the budget would extend the delay to the end of FY 1997.

- **exempted refugees and asylees from the benefit restrictions for their first five year in the country. The budget would lengthen the exemption for refugees and asylees from 5 to 7 years. The 5 year exemption in the bill does not provide enough time for refugees and asylees to become citizens.**

## TREATING LEGAL IMMIGRANTS FAIRLY

*"We must join together to do something else, too, something both Republican and Democratic Governors have asked us to do: to restore basic health and disability benefits when misfortune strikes immigrants who came to this country legally, who work hard, pay taxes and obey the law. To do otherwise is simply unworthy of a great nation of immigrants."*

-President Clinton, 1997 State of the Union.

Restoring fair treatment for legal immigrants is a key part of the President's agenda this year.

The President's budget proposal makes good on his promise to correct the welfare law's harsh provisions on legal immigrants -- provisions that burden State and local governments, and that punish children and legal immigrants with severe disabilities. The welfare law denies most legal immigrants access to fundamental safety net programs unless they become citizens -- even though they are in the U.S. legally, are responsible members of our communities, and in many cases have worked and paid taxes. These provisions have nothing to do with the real goal of welfare reform, which is to move people from welfare to work.

- The President's budget proposes to restore Medicaid and Supplemental Security Income (SSI) to legal immigrant children and to legal immigrants who become disabled after they entered the country. This country should protect legal immigrants and their families -- people admitted as permanent members of the American community -- when they suffer accidents or illnesses that prevent them from earning a living. Similarly, the country should provide Medicaid to legal immigrant children if their families are impoverished.
- The President proposes to extend the SSI and Medicaid eligibility period for refugees and asylees from 5 to 7 years, to give that vulnerable group additional time to naturalize.
- Finally, the budget proposes to delay the ban on Food Stamps for legal immigrants from April to September 1997 to provide time for immigrants who are in the process of naturalizing to complete the process.

The President's proposal would reinstate SSI eligibility for approximately 320,000 severely disabled legal immigrants. Of these 320,000 immigrants, the budget restores Medicaid coverage to 195,000 disabled legal immigrants. In addition, the proposal restores Medicaid coverage to about 30,000 non-disabled legal immigrant children. The cost of these immigrant proposals is \$14.6 billion over 5 years -- \$9.7 billion in SSI costs, and \$4.9 billion in Medicaid costs.

In January, the National Governors' Association agreed that the legal immigrant provisions of the welfare law will cause a considerable cost shift to some states and expressed concerns about the effect of the law on aged and disabled legal immigrants. Providing state-funded benefits to this needy population will divert resources from job training and child care -- which are critical to moving people from welfare to work. The NGA passed a resolution asking Congress and the President to work together to find an equitable solution for states and vulnerable legal immigrants without reopening the welfare reform debate. The President's proposal would do just that.

**TREATING LEGAL IMMIGRANTS FAIRLY:  
RESTORING BENEFITS FOR LEGAL IMMIGRANTS WITH SEVERE DISABILITIES**

The President's budget would restore SSI benefits for 320,000 legal immigrant adults who become disabled after their entry into the U.S., in recognition of the fact that they cannot provide for their own support through work. Of those 320,000 legal immigrant adults, approximately 195,000 adults will have Medicaid coverage restored.

Denying SSI eligibility to aged and disabled legal immigrants has nothing to do with welfare reform. Barring legal immigrants who played by the rules and entered the country according to our laws from programs available to all other taxpayers is unfair and shortsighted.

- Approximately 900,000 SSI recipients are now receiving notices that they are at risk of losing their benefits, unless they can show that they are citizens or are in one of a narrow group of exceptions. Under current law, over 400,000 legal immigrants will lose their SSI benefits in August and September of this year.
- Disabled legal immigrants who have sponsors can turn to them for assistance, but many sponsors can't afford the extra costs associated with a disability. In addition, an estimated 44% of legal immigrants, such as refugees, never had sponsors in the first place. Others had sponsors who have died or ceased to support them.
- Many disabled legal immigrants are elderly and reside in nursing homes or assisted living facilities. Without SSI cash assistance, they may face eviction from assisted living arrangements. About 39,000 legal immigrants are in nursing homes and a large number have difficulties with the activities of daily living.
- Nearly 70% of legal immigrants on SSI are over age 65; nearly 30% are over 75 years of age.
- Without SSI payments, state and local governments and private charities will become the prime source of assistance to legal immigrants with severe disabilities.
- In addition, under current state Medicaid plans, it appears that some states may have no provision to continue Medicaid coverage for legal immigrants who lose their SSI. In some states, disabled recipients who lose their SSI may also be without any help for medical expenses.

## **TREATING LEGAL IMMIGRANTS FAIRLY: EXTENDING ELIGIBILITY FOR REFUGEES**

- As a nation of immigrants, this country has a long-standing policy of welcoming to this country refugees and asylees who are fleeing persecution in their home country, and helping them resettle in their new home.
- Under the welfare law, refugees and asylees are exempt from SSI and Medicaid eligibility restrictions for the first 5 years that they are in the U.S. However, after 5 years, needy refugees and asylees would be denied SSI benefits, and Medicaid coverage is a state option rather than guaranteed.
- The President's proposal would extend from 5 to 7 years the period of SSI and Medicaid eligibility for refugees and asylees. This extension would alleviate current hardships while providing elderly refugees an extra 2 years to learn English well enough to naturalize. This policy would cost about \$700 million over 5 years, and protect eligibility for about 17,000 refugees and asylees in FY 1998.
- Few refugees arrive with any financial assets that can be used for self-support. In addition, refugees do not have sponsors.
- Refugees and asylees need a longer eligibility period for assistance than other legal immigrants because of the circumstances that bring them to this country in the first place. Refugees and asylees come to the U.S. with a history of persecution in their country of origin. These individuals frequently experience greater difficulties putting their lives together and becoming self-supporting than other legal immigrants. About one-half of refugees speak little or no English when they arrive here; only about one-tenth speak English fluently.
- Elderly refugees are a particularly vulnerable group. SSA data indicate that of the estimated 58,000 elderly refugees who will lose their SSI eligibility in August/September 1997, 24,000 are aged 75 or older. An estimated two-thirds (38,000) of the 58,000 are severely disabled.
- Generally, refugees and asylees may apply for citizenship after residing in the United States for 5 years. However, the naturalization process can take up to a year, or more. Therefore, individuals who entered the U.S. as refugees or asylees will lose their SSI -- and potentially their Medicaid -- before completing the application process for citizenship, even if they apply for citizenship as soon as they meet the 5 year residency requirement. Also, many elderly refugees are not able to acquire sufficient English language skills in this period of time to pass the citizenship test.
- In refugee communities, the pending loss of SSI and Medicaid and the inability to become naturalized citizens is a major concern. Elderly refugees are understandably terrified that they will be left destitute and homeless.

## **TREATING LEGAL IMMIGRANTS FAIRLY: PROTECTION FOR LEGAL IMMIGRANT CHILDREN**

The President proposes to restore SSI and Medicaid for legal immigrant children.

- The welfare reform law denies SSI and Medicaid to many legal immigrant children who become seriously ill, or have an accident and become disabled, and whose families fall on hard times. It also denies preventive services under Medicaid to legal immigrant children, likely leading to more costly health problems in the future. This policy threatens the health and well-being of a very vulnerable population -- legal immigrant children of low-income parents who need medical services or cash assistance (if disabled), and cannot work their way out of need. We all lose if we deny future citizens the care and support that all children need.
- Under the President's proposal, legal immigrant children would continue to be eligible for SSI and Medicaid. In FY 1998, this proposal would protect SSI and Medicaid eligibility for about 8,000 disabled legal immigrant children, and ensure medical care for about another 30,000 non-disabled children. Existing program income eligibility rules are not affected; only legal immigrant children who are members of low-income families would be eligible for the restored SSI and Medicaid.
- The President's proposal does not undermine or "reopen" welfare reform. The welfare reform provisions denying assistance to legal immigrant children have nothing to do with the central goal of welfare reform: moving people from welfare to work. Instead, the President's proposal protects access to health care for vulnerable low-income children who are permanent members of this nation's communities, cannot work, and do not have any other means of health care. It also protects cash assistance for low-income immigrant children with severe disabilities.
- It is important to note that legal immigrant children cannot become naturalized citizens unless both parents are citizens, or the surviving or custodial parent is a citizen. Therefore, unlike adult legal immigrants, children immigrants do not have an independent avenue to naturalization. For example, orphaned immigrant children must be adopted by a U.S. citizen in order to be classified as a citizen.
- The SSI and Medicaid costs associated with these immigrant children are about \$400 million over 5 years. This policy will ensure that low-income immigrant families with severely disabled immigrant children continue to have a safety net of SSI and Medicaid. It also guarantees that non-disabled legal immigrant children are protected by the Medicaid benefit package, which provides on-going assistance for children suffering from chronic asthma, screening for developmental disabilities, and well-child and preventive care to prevent the need for intensive and costly care in the future.

IV  
FOOD STAMPS

**Welfare to Work and Changes to Immigrants and Food Stamps Proposals  
In the FY 98 Budget  
(Outlays in Billions)**

<u>Welfare to Work</u>	1998	1999	2000	2001	2002	5 Year
Welfare to Work Jobs Challenge.	0.6	1.0	1.0	0.4	0.0	3.0
<p>The Jobs Challenge is designed to help States and cities move a million of the hardest-to-employ welfare recipients into lasting jobs by the year 2000. It provides \$3 billion in mandatory funding for job placement and job creation. States and cities can use these funds to provide subsidies and other incentives to private business. The Federal Government also will encourage States and cities to use voucher-like arrangements to empower individuals with the tools and choices to help them get &amp; keep jobs.</p>						
Enhance WOTC for Welfare Recipients.	0.0	0.1	0.1	0.1	0.0	0.3
<p>For employers, the budget proposes tax incentives to create new job opportunities for long-term welfare recipients. The budget would create a much-enhanced credit that focuses on those who most need help – long-term welfare recipients. The new credit would let employers claim a 50% credit on the first \$10,000 a year of wages for up to two years, for workers they hire who were long-term welfare recipients.</p>						
Extend WOTC for 18-50's.	0.0	0.1	0.1	0.1	0.0	0.3
<p>The budget also expands the existing WOTC tax credit by including able-bodied childless adults who, under the Administration's Food Stamp proposal, would face a more rigorous work requirement in order to continue receiving Food Stamps.</p>						
<b>Subtotal, Welfare to Work*</b>	<b>0.7</b>	<b>1.1</b>	<b>1.2</b>	<b>0.5</b>	<b>0.1</b>	<b>3.6</b>

\*Totals may not add due to rounding.

**Restore Benefits for Immigrants**

	1998	1999	2000	2001	2002	1998 - 2002
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**Benefits for Disabled Immigrants.**

SSI Costs	1.6	1.7	1.9	1.8	2.0	8.9
Medicaid Costs	0.6	0.8	0.9	1.1	1.3	4.7
<b>Total</b>	<b>2.2</b>	<b>2.4</b>	<b>2.9</b>	<b>2.9</b>	<b>3.3</b>	<b>13.7</b>

The Administration's budget would restore SSI benefits for 310,000 legal immigrants who become disabled after their entry into the U.S., in recognition of the fact that they cannot provide for their own support through work. Of those 310,000 legal immigrant adults, approximately 190,000 would have Medicaid coverage restored. Barring legal immigrants who played by the rules from these safety net programs is unfair and shortsighted.

*P. DeLoe  
Wilson  
Voinovich  
Bush  
Whitman*

**Benefits for Immigrant Children.**

	0.1	0.1	0.1	0.1	0.1	0.4
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The welfare reform law denies SSI and Medicaid to many legal immigrant children who become seriously ill, or have an accident and become disabled, and whose families fall on hard times. Under the Administration's proposal, legal immigrant children would continue to be eligible for SSI and Medicaid. In FY 1998, this proposal would protect SSI and Medicaid eligibility for about 8,000 disabled immigrant children, and ensure medical care for about another 30,000 non-disabled children.

**Extention for Refugees and Asylees.**

	0.1	0.1	0.1	0.1	0.1	0.6
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The welfare bill exempted refugees and asylees from the benefit restrictions for their first five years in the country. The budget would lengthen the exemption for refugees and asylees from 5 to 7 years to provide a more appropriate time for refugees and asylees to become citizens. It would protect eligibility for about 17,000 refugees and asylees in FY 1998.

**Subtotal, Benefits for Immigrants**      **2.3**      **2.6**      **3.1**      **3.1**      **3.5**      **14.6**

	1998	1999	2000	2001	2002	1998 - 2002
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**Food Stamps**

18-50's Work Requirement.	0.7	0.6	0.4	0.3	0.2	2.2
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The Administration's proposal reconfigures the "3 in 36" time limit in the welfare statute in 4 key ways: (1) It changes the time limit to 6 months in 12; (2) Provides additional funds of \$280 million total in FYs 97-02 to enable States to create work for people willing to work; (3) Imposes tough sanctions while protecting those who are willing to work; and (4) Provides States with more authority to provide Food Stamps as wages.

Shelter Deduction.	0.1	0.0	0.1	0.0	0.4	0.6
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The Administration's proposal would accelerate planned increases in the excess shelter deduction and would eventually eliminate the cap on the deduction in FY02, allowing low-income families with high housing costs to deduct the full cost of their housing expenses when calculating their net income. 80% of the benefit of this proposal is to households with children.

Reindex the Standard Deduction.	0.0	0.0	0.0	0.0	0.1	0.1
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The standard deduction is a general deduction given to all households to account for general expenses when determining net income. The welfare bill froze it at \$134, no longer allowing it to index. The Administration's proposal would reindex it in FY2002 to ensure that benefits keep pace with inflation.

Vehicle Asset Limit.	0.0	0.0	0.1	0.1	0.1	0.2
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The welfare bill froze the Food Stamps vehicle asset limit at \$4,650 (the maximum value of a car a household may own) which had previously been indexed. The Administration's proposal would increase and reindex the Vehicle Asset Limit, which has virtually been at the same level since 1977 even though the CPI for used cars has risen by 125%.

<b>Subtotal, Food Stamps</b>	<b>0.8</b>	<b>0.6</b>	<b>0.6</b>	<b>0.4</b>	<b>0.8</b>	<b>3.1</b>
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**Medical Coverage for Low-Income Disabled Children**

	0.1	0.1	0.1	0.1	0.1	0.3
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The Administration's budget would allow disabled children who lose their SSI eligibility due to changes in the definition of childhood disability to retain their Medicaid health coverage.

## NOTES ON WELFARE-TO-WORK TAX CREDIT PROPOSAL

mjm 3/25/97

- The proposal for welfare-to-work tax credit builds upon the Work Opportunity Tax Credit (WOTC) which itself was a modification of the Targeted Jobs Tax Credit (TJTC).

### Genealogy of the Welfare to Work Tax Credit

*Targeted Jobs Tax Credit (TJTC)* -- Established in 1978, the TJTC expired in 1994 amid claims that it did little to promote hiring of members of the disadvantaged groups that were the focus of the credit. (The Labor Department Inspector General and GAO both issued reports critical of the TJTC.) The TJTC provided a non-refundable credit equal to 40 percent of the first \$6,000 in wages paid to members of 9 targeted groups.

The groups were: vocational rehabilitation referrals, economically disadvantaged youth age 18-22, economically disadvantaged Vietnam era veterans, SSI recipients, AFDC recipients, general assistance recipients, economically disadvantaged ex-convicts, economically disadvantaged cooperative education students, and economically disadvantaged summer youth age 16-17 who work between May 1 and September 15.

To claim the credit, the employer must have either (1) received a certificate from the State employment service showing that the worker was eligible; or (2) more likely, requested certification for the State employment service. In addition, the employer must have retained the worker for at least 120 hours or 90 days.

*Work Opportunity Tax Credit (WOTC)* -- Established in the Small Business Job Protection Act of 1996 (the minimum wage bill), the WOTC was designed to answer some of the criticisms of the TJTC. The WOTC was a bit less generous, with a 35 percent nonrefundable credit provided for the first \$6,000 of wages paid to members of 7 targeted groups.

The groups are: vocational rehabilitation referrals, high risk youth age 18-24 ("high-risk" is defined as living in an EZ or EC), qualified veterans (AFDC, TANF, or Food Stamp recipients), AFDC (or TANF) recipients, economically disadvantaged ex-felons, Food Stamp recipients age 18-24, and summer youth age 16-17 who live in an EZ or EC and work between May 1 and September 15.

The rules for claiming the credit were tightened up somewhat. To claim the WOTC, the employer must have either (1) received a certificate from the State employment service showing that the worker was eligible; or (2) more likely, completed a pre-screening notice that provides the basis for claiming the tax credit before offering the job to the prospective worker. The employer then must request certification from the State employment service within 3 weeks. In addition, the employer must retain the worker for at least 400 hours or 180 days.

The WOTC is slated to expire September 30, 1997. However, the Administration's FY 1998 Budget proposes an extension through September 30, 1998 for all groups and proposes an additional group -- Food Stamp recipients age 18-50.

*Welfare to Work Tax Credit* -- Proposed in the Administration's FY 1998 Budget, this tax credit would follow the basic structure of the WOTC, but would be more generous. It would provide a non-refundable 50 percent credit for the first \$10,000 wages, training, health insurance, and dependent care benefits paid in each of the first 2 years after hiring a long-term welfare recipient. Long-term welfare recipients would be defined as those receiving AFDC or TANF benefits for at least 18 months or who were no longer eligible for these benefits due to reaching the applicable time limits.

The proposed Welfare to Work Tax Credit would extend through September 30, 2000.

#### **Why the Welfare to Work Tax Credit Might be Effective**

- The Welfare to Work Tax Credit builds on the WOTC, which made several significant changes to the TJTC. These include a longer retention period for workers (which should reduce the ability of firms to claim the tax credit for the ordinary turnover of lower-skilled workers) and a pre-screening notice that workers and employers fill out under penalties of perjury (which should help indicate whether a worker will be eligible for the credit).
- The tax credit available for hiring a long-term welfare recipient is deeper than the ordinary WOTC, amounting to a maximum of \$5,000 tax credit for each of the first two years of employment. The tax benefit should be large enough to overcome any preconceived bias against hiring welfare recipients. The two-year credit length should provide sufficient time for the worker to accumulate enough experience to function in an unsubsidized job.
- The Welfare to Work Tax Credit is not a program in isolation. It is part of a multi-part strategy to move people from welfare to work. Other elements of the strategy include: the Welfare to Work Challenge Grant program, the TANF legislation and the corresponding changes taking place in the culture of the welfare offices around the country, and the President's use of the "bully pulpit" to urge private and public sector entities to hire welfare recipients. It is important that all these components work in concert to provide an effective transition from welfare to work.

**Revenue Estimate:** Treasury estimates the revenue loss from the Welfare to Work Tax Credit at \$550 million over 5 years. This reflects a relatively small take-up rate for the credit (based on the TJTC, about 10 percent of employers who hire eligible workers actually use the credit to reduce their income tax liability). If the average credit claimed is \$2,000 (reflecting the possibility that workers do not stay until the maximum credit is claimed and also the loss of deduction of wages on which the credit is claimed), then over 5 years, about 275,000 worker-years will generate the credit. No one knows how many of these workers would have been hired in the absence of the credit.

## Targeted Jobs Credit vs. Work Opportunities Credit

mjm 8/13/96

### Prior Law

#### Targeted Jobs Tax Credit

40 percent of first \$6,000 of wages  
(maximum credit equal \$2,400)

Deduction for wages paid reduced by amount of credit claimed

#### Certification

- Must receive certificate from local agency (generally State employment service) by the day the worker started or
- Had to request certification from local agency by the day the worker started, listing not more than 2 categories under which the worker might qualify for the credit

Worker had to be employed for at least 120 hours or 90 days

Expired 12/31/94

"Economically disadvantaged" is defined as being in family with income less than 70 percent of the BLS lower living standard

#### Targeted Groups

- Vocational rehabilitation referrals
- Economically disadvantaged youth age 18-22
- Economically disadvantaged Vietnam-era veterans
- SSI recipients
- General assistance recipients
- Economically disadvantaged ex-convicts (hired within 5 years of release)
- Economically disadvantaged cooperative education students (high school or vocational education students)
- AFDC recipients
- Economically disadvantaged summer youth age 16-17 who work between May 1 and September 15

Administrative costs -- Congress appropriated sufficient monies for State employment services to administer program

## New Law

### Work Opportunities Tax Credit

35 percent of first \$6,000 of wages  
(maximum credit equal \$2,100)

Deduction for wages paid reduced by amount of credit claimed

#### Certification

- Must receive certificate from local agency (generally State employment security agency) by the day the worker started or
- Must complete pre-screening notice before offering job to the prospective worker. This notice is signed under penalties of perjury and provides the basis for the employer to believe that the worker belongs to an eligible group. Employer then requests certification from local agency within 3 weeks of start date.

Worker must be employed for at least 400 hours or 180 days

Effective 10/1/96 to 9/30/97

"Economically disadvantaged" is defined as being in family with income less than 70 percent of the BLS lower living standard

#### Targeted Groups

- Vocational rehabilitation referrals
- High risk youth age 18-24 ("high-risk" is defined as living in EZ or EC)
- Qualified veterans -- AFDC or Food Stamp recipient who is separated from service for at least 60 days
- Economically disadvantaged ex-felons (hired within 1 year of release)
- AFDC recipients
- Summer youth age 16-17 who live in an EZ or EC and who work between May 1 and September 15
- Food Stamp recipients age 18-24

Administrative costs -- Congress appropriated no money for State employment services to administer program



Cynthia A. Rice

03/26/97 11:55:40 AM

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Record Type: Record

To: Bruce N. Reed/OPD/EOP  
cc:  
bcc:  
Subject: Re: WR cong. mtg

Bruce -- I will bring copies of their proposals over right now with a one page cover comparison I just did (OMB is working on a more detailed side by side which is not yet ready).

Also, you should know that the one pager in your packet labeled "Job Creation and Retention Block Grant" is a description of the DASCHLE proposal. OMB didn't label the paper.

Bruce N. Reed



Bruce N. Reed  
03/26/97 11:26:46 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP  
cc:  
Subject: WR cong. mtg

The OMB talking pts look fine. Thanks.

Do you have summaries of the Stenholm and Daschle proposals? I'd like to review those before I go up there at 2.

Thanks.



Bruce -  
Latest report  
from NPR.  
Bur Godwin.

# FEDERAL WELFARE-TO-WORK COMMITMENTS

*A Report to*  
PRESIDENT BILL CLINTON

*by*  
VICE PRESIDENT AL GORE



1997

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