

**SECRETARY SHALALA'S BRIEFING BOOK  
TABLE OF CONTENTS**

- 1. INVITATION LETTER**
- 2. BRIEFING MEMO**
- 3. WRITTEN TESTIMONY**
- 4. QUESTIONS AND ANSWERS**
  - a. End Welfare As We Know It/Time Limit**
  - b. Phase-in**
  - c. State Implementation/Flexibility**
  - d. Costs/Financing**
  - e. JOBS Program**
  - f. WORK Program**
  - g. Child Care**
  - h. Child Support**
  - i. Teen Pregnancy Prevention**
  - j. Improving Government Assistance**
- 5. BIOGRAPHIES/STATE PROFILES**
- 6. CHARTS**
- 7. COST/FINANCING**
  - a. Cost Summary**
  - b. Financing Summary**
- 8. HHS TALKING POINTS**
- 9. LEGISLATIVE COMPARISONS**
  - a. Comprehensive**
  - b. Admin/House Republicans**
  - c. Admin/Mainstream Forum**
  - d. Admin/Matsui**
  - e. Admin/CCWI Child Support**
  - f. Admin/Senate Republicans**
- 10. FIVE PAGE SUMMARY**
- 11. WAIVER SUMMARY**
- 12. FACT SHEETS**
  - a. JOBS**
  - b. Child Care**
  - c. Child Support**
  - d. AFDC**

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# United States Senate

COMMITTEE ON FINANCE

WASHINGTON, DC 20510-6200

July 8, 1994

LAWRENCE O'DONNELL, JR., STAFF DIRECTOR  
EDMUND J. NINALEO, MINORITY CHIEF OF STAFF

Dear Secretary Shalala:

You are invited to appear before the Committee on Finance on Wednesday, July 13, 1994, at 10:00 A. M. to present testimony regarding the Administration's welfare reform legislation, the Work and Responsibility Act of 1994.

We look forward to seeing you and to working with you on this most important issue.

Sincerely,



Daniel Patrick Moynihan  
Chairman

The Honorable Donna E. Shalala, Ph. D.  
Secretary of Health and Human Services  
615F Hubert H. Humphrey Building  
200 Independence Avenue, S. W.  
Washington, D. C. 20201



TO: The Secretary  
Through: DS \_\_\_\_\_  
COS \_\_\_\_\_  
ES \_\_\_\_\_

FROM: Jerry Klepner  
Rich Tarplin

SUBJECT: SENATE FINANCE COMMITTEE HEARING ON WELFARE REFORM  
Wednesday, July 13, 1994, 10:00 a.m., 215 Dirksen

**BACKGROUND**

As you know, you are scheduled to testify on the Work and Responsibility Act of 1994 before the Senate Finance Committee on Wednesday, July 13, at 10:00 a.m. David Ellwood and Mary Jo Bane will join you at the witness table to assist in answering questions. This hearing will be followed by a similar hearing before the House Committee on Ways and Means on Thursday, July 14, at 10:00 a.m.

In general, the preparatory materials contained in this briefing book are applicable to both hearings. We will supplement the Finance Committee members general concerns listed below with specific polling information early next week. We will also outline the concerns and potential questions of Ways and Means Committee members in a separate memo next week.

**MEMBERS' CONCERNS**

As you know, Finance Committee members and staff -- particularly Chairman Moynihan -- are among the most knowledgeable in the Congress on welfare reform issues. Several members and staff participated in the development and passage of the Family Support Act, and the Committee maintains ongoing jurisdiction over all welfare-related programs authorized under the Social Security Act. Democrats maintain an 11-9 majority on the Committee, but the history and preference of Committee members is to act in a bipartisan fashion.

**Chairman Moynihan (D-NY):** Chairman Moynihan has been very active on welfare issues, and is the lead sponsor of the Administration's bill in the Senate. Generally, he believes that the Administration's initiative is moving welfare in the right direction. He is particularly concerned about several issues:

(1) **Timing** -- Senator Moynihan has publicly criticized the Administration's "delay" in submitting a welfare plan to Congress. His view is that a new President has a brief window to tackle controversial issues and that it will be extremely difficult to enact welfare reform in the last half of this year.

However, in a June 19 appearance on NBC's *Meet the Press*, the Senator said the President's welfare reform plan could be passed despite current Congressional opposition to it. In addition, Senator Moynihan said that he will "start hearings the minute we have just a moment's window in the health care proceedings." When asked if welfare reform could pass in 1994, the Senator said, "we might surprise you."

(2) **Financing** -- While Chairman Moynihan has expressed great empathy for the difficulty of financing welfare reform, he has also expressed concerns about the political feasibility of several of our financing proposals. During a recent meeting with you and the Co-Chairs, he indicated that it would be virtually impossible to achieve our \$500 million in proposed farm subsidy savings. He and his staff also have concerns about the legal alien deeming provision and its possible impact on New York. In addition, New York currently receives a large share of HHS Emergency Assistance funds which would be capped under the Administration's welfare reform proposal.

During the June 19 *Meet the Press* appearance, Senator Moynihan offered this insight, "I regret, and I think a lot of people do now, that money for welfare was not put in the five-year budget that we passed last year."

(3) **Termination of Benefits** -- Senator Moynihan and his staff also have expressed interest in the point at which recipients lose benefits and for what cause. He may ask about the WORK program and what happens to people who fulfill all of their obligations, complete the number of allowed WORK placements, and still are not able to find jobs in the private sector.

(4) **Teenage Pregnancy Prevention** -- Teenage pregnancy prevention has been an issue of major concern to Senator Moynihan for many years. His staff has repeatedly emphasized that the welfare reform initiative needs to focus on preventing teenage pregnancies. And while Mr. Moynihan was pleased to see the President highlight this issue during his welfare reform speech on June 14, he continues to have concerns about our commitment to deal realistically with this issue. In particular, he has criticized our proposed national grant program as an unfocused effort to spread funds too thinly with little chance of success.

**Senator Baucus (D-MT):** Senator Baucus is interested in promoting state flexibility in welfare reform. Montana has a pending waiver application for a welfare initiative that would establish: (1) a Job Supplement Program; (2) an AFDC Pathways Program that would limit adult benefits to a maximum of 24 months for single parents and 18 months for AFDC-UP families; and (3) a Community Service Program requiring 20 hours per week for individuals who have reached the time limit. The initiative also would begin to change the culture of the welfare office by simplifying the implementation of the program.

Staff has indicated that Senator Baucus is concerned about the Administration's financing provisions. He may request the Administration's view of the Califano study on substance abuse among welfare recipients. Staff fear that if treatment is unavailable to recipients and there is a two year limit on AFDC benefits, the Administration may create a larger problem even if the Department's estimated number of substance abusers is lower than found in the Califano study.

In addition, Senator Baucus has expressed concerns about the application of our JOBS and WORK requirements in rural Montana, where few if any jobs may exist for welfare recipients. Senator Baucus is not a cosponsor of any welfare reform legislation.

**Senator Boren (D-OK):** Senator Boren is retiring this year to become President of the University of Oklahoma. Normally a conservative on fiscal and social issues, Mr. Boren has joined Senator Simon in sponsoring legislation to establish a very ambitious public works program.

The Senator has some concerns about teen pregnancy as it relates to health care reform and enforcement of time limits. Senator Boren is in favor of providing extensions, but only if States are required to monitor the performance of recipients to ensure that they are living up to their contract. The Senator believes that those who receive the highest evaluations of performance should be allowed to continue in the WORK program.

**Senator Bradley (D-NJ):** A member of the interstate child support enforcement commission, Senator Bradley is the sponsor of legislation to implement the commission's recommendations. Bradley has also had a long-standing interest in children's issues, and is known as one of the most thoughtful members of the Committee on family policy.

Senator Bradley is interested in moving child support legislation forward this year. If it is likely that welfare reform legislation will not move expeditiously this year, he is inclined to move the child support enforcement provisions on a separate track while Congress waits to tackle comprehensive welfare reform next year.

Senator Bradley also is interested in the Individual Development Account concept and more creative ways to use subsidies for employers including subsidized transportation.

**Senator Mitchell (D-ME):** Majority Leader Mitchell and his staff remain very supportive of the Administration's efforts on welfare reform. His concerns center mainly on

the administration of the JOBS and WORK programs in rural states like Maine. He is also concerned about the politics of the financing proposals. He is a cosponsor of the Administration's welfare reform bill.

**Senator Pryor (D-AR):** Until recently, Senator Pryor had little involvement in welfare issues. However, as Chairman of the Government Affairs Subcommittee on Federal Services, Post Office, and Civil Service, he has scheduled a hearing on child support enforcement legislation on July 20. Mary Jo Bane, Assistant Secretary for Children and Families, will testify. Senator Pryor generally supports President Clinton's initiatives whenever possible.

**Senator Riegle (D-MI):** One of the most liberal members of the Senate, Mr. Riegle's main concern is the availability of adequate child care and job training for recipients. He also is concerned about the impact of the financing package on low-income families. He believes that health care, child care, and employment training are critical. Staff has indicated that Senator Riegle will try to be supportive of the President's plan.

**Senator Rockefeller (D-WV):** As Chairman of the National Commission on Children, Senator Rockefeller is one of the leaders in the Senate on children and family issues. He is a cosponsor of the Administration's welfare reform bill. However, he has some concerns regarding child support enforcement and administrative issues raised by welfare reform.

As a cosponsor of Senator Dodd's legislation to establish a child support assurance program, Rockefeller would like to see more funding for our child support assurance demonstrations. He also is concerned about the administration of the JOBS and WORK programs in rural states like West Virginia with high unemployment rates. He also believes that Congress must pass health care reform that provides real universal coverage prior to enacting welfare reform.

**Senator Daschle (D-SD):** Daschle is Co-Chair of the Senate Democratic Policy Committee and has announced his intention to run for Senate Majority Leader. He has little if any public record on welfare issues.

The Co-Chairs of the Welfare Reform Working Group have met with Senator Daschle's staff. Generally, the staff was supportive of the Administration's proposal. However, staff indicated that the Senator is concerned about the implementation of the welfare reform program in rural states like South Dakota, especially in Indian country where there are few if any jobs available.

**Senator Breaux (D-LA):** Senator Breaux is one of the strongest supporters of the Administration's plan in Congress and is a cosponsor of the Administration's welfare reform bill. As Chairman of the Finance Subcommittee on Social Security and Family Policy, Senator Breaux is likely to hold additional hearings on welfare reform this summer.

Senator Breaux is very concerned about the financial impact of welfare reform on states, particularly low benefit states such as Louisiana. He is skeptical about making profound changes in the mindset of the entrenched welfare bureaucracy. He is also concerned about older recipients who are not part of the targeted population under the Administration's legislation.

Senator Breaux is interested in promoting more private sector involvement. He has referred to provisions in the Mainstream Forum bill that would allow private sector job training and placement services to compete against government programs. He also is interested in the MDRC studies on the GAIN program in California and the New Chance program.

**Senator Conrad (ND):** Conrad has not focused on welfare issues, but his staff has expressed his concerns about duplication and lack of coordination among federal job training programs. He also is concerned about implementation of the program in Indian country.

Senator Conrad's staff has indicated that his constituents would rather have their JOBS money go directly to the states. Staff discussed the possibility of the Senator writing a letter to the President, asking him to specifically address the JOBS program. They feel very strongly that one entity should run the JOBS program in order to save money and serve citizens better.

**Senator Packwood (R-OR):** Senator Packwood is very interested in state flexibility under the President's welfare reform legislation and is frustrated with the Department's delay in issuing a decision on the Oregon welfare waiver.

He supports Oregon's welfare reform initiative which would: provide individuals with short-term, subsidized jobs with continued Medicaid eligibility; supplement payments to offset any loss of AFDC benefits; provide participants with workplace mentoring and other support services; create employer-funded "individual education accounts"; and distribute child support collections directly to custodial families. The initiative also would modify eligibility computation and income disregards, and increase personal and automobile asset limits.

Given his extensive experience with past welfare reform efforts, Senator Packwood will focus attention on the differences among the President's plan, the Family Support Act, Senate Republican legislation, and other proposals. Senator Packwood is a cosponsor of the Senate GOP welfare reform bill, S. 1795.

**Senator Dole (R-KS):** As one of the primary sponsors of the Senate Republican welfare reform legislation, Senator Dole is considered a partisan conservative on welfare issues. Although his position will be largely influenced by external political circumstances, he may eventually take a more pragmatic approach to welfare reform.

His Chief of Staff, Sheila Burke, is considered well-informed and pragmatic on welfare reform issues. Ms. Burke believes the important issues are the costs of welfare reform; the kinds of jobs that states can provide (private, CWEP, etc.); state flexibility; and illegitimacy.

Ms. Burke also pointed out the importance of Senator Moynihan's expertise on welfare reform, and that many Finance Committee members will take their cues from Senator Moynihan.

**Senator Roth (R-DE):** Roth is a fiscal and social conservative, but he may be inclined toward more moderate welfare reform legislation. He is up for reelection in 1994 and his lead staffer on welfare issues is Joanne Barnhart, former Assistant Secretary for Children and Families.

The Co-Chairs of the Welfare Reform Working Group have not met individually with Senator Roth. They have, however, met with his staff on several occasions. Mr. Roth's staff believes that the Senator is in favor of welfare reform, but only a plan that really works and is cost effective. Some of the concerns expressed by the staff were:

- Cost of the WORK program. Staff believes that the WORK program will cost much more than the Administration's estimates.
- The WORK program has the potential to become another failed CETA program.
- Incentives must be provided to a recipient to move from the WORK program to a lower paying private sector job.
- The difficulty in preventing recipients from claiming EITC.
- States should have the flexibility to try new ideas to see which work better for constituents.

**Senator Danforth (R-MO):** Danforth is retiring at the end of this session. While his staff has raised concerns about the punitive nature of the family cap and the two-year time limit, Danforth is considered to be a moderate conservative on welfare issues.

Senator Danforth is not a cosponsor of the Republican welfare reform bill. However, he is a cosponsor of the Kassebaum welfare reform bill that would give states the authority to develop and implement their own welfare programs.

Mr. Danforth's staff have raised the following concerns:

- Welfare reform requires a realistic and compassionate approach.
- Teen pregnancy is a crucial issue. Paternity establishment is important, but of equal importance is the ongoing connection between fathers and their children.
- State agency staff will need to be better equipped to discern appropriate levels of services for recipients. A strong case management component is fundamental to coordinated services.

- Time limits are not real. Rather, the Administration's plan provides for two years and work with numerous exemptions. Public service work can be very expensive particularly WORK slots that last indefinitely.
- The JOBS program has not been given a fair chance to demonstrate its effectiveness. Fully funding the JOBS program may be more effective and less costly than a complete overhaul of the welfare system.

**Senator Chafee (RI):** A thoughtful moderate on welfare issues, Chafee has organized a group of 10-12 moderate Senate Republicans who have resisted supporting the Dole-Brown legislation. Chafee and his staff represent the foundation for a bipartisan welfare reform bill in the Senate.

Senator Chafee also drafted and cosigned, with other moderate Republicans (Senators Durenberger, Hatfield, Jeffords, Cohen, Simpson, Cohen, Bond and Stevens), a letter to the President setting forth core principles that should be included in any comprehensive welfare reform plan: time limits; employment assistance; community service jobs; social contracts; targeted benefits; discouraging early parenthood; child care; improved case management; paternity establishment and support; exclusion of undocumented immigrants; and serious penalties for fraud and abuse.

The Co-Chairs of the Welfare Reform Working Group have met with the Senator Chafee and his staff. The Senator has indicated that he would like to work constructively with the Administration on welfare reform. However, the Senator has some concerns with the phase-in strategy, time limits, caseworker training and child care.

**Senator Durenberger (R-MN):** Senator Durenberger also cosigned the moderate Republican Senators' letter to the President setting forth core principles that should be included in any comprehensive welfare reform plan.

Durenberger's staff has indicated that the Senator generally supports the parameters of the Administration's plan and could be a key ally on child care and child support issues. Senator Durenberger is not a cosponsor of the Brown/Dole Republican welfare reform bill.

**Senator Grassley (R-IA):** Known as a conservative Republican, Senator Grassley advocates a more punitive approach to welfare reform. He is concerned about the applicability of JOBS and WORK requirements in rural states like Iowa.

Senator Grassley is a cosponsor of the Welfare to Work Act of 1994 (S. 2057) introduced by Senators Kohl and Exon. That bill would replace the current federal welfare program with a flexible, community-based program that connects people to work and makes work pay. The underlying premise is that federal payments to people who are not working, but are able to, need to be eliminated. They contend that this can be achieved by replacing part of the Food Stamp Program with a new federal block grant. This would allow states and local communities to design work-based systems to help low-income families get jobs that pay a living wage.

Senator Grassley also is a cosponsor of the Faircloth and Brown bill, S. 2143, that would cut off AFDC and food stamps to children of unwed mothers who are under 21 years of age.

**Senator Hatch (R-UT):** Normally very conservative on social issues, Hatch is someone who may be more pragmatic on welfare reform. He was a strong supporter of the Child Care and Development Block Grant and might be very helpful on child care and child support issues. Senator Hatch views the issue of welfare reform as bipartisan and shares much of the President's views on welfare reform.

An advocate for state flexibility, Senator Hatch has been impressed by the successful results of the Utah welfare reform waiver. The Senator also believes we need to look closely at disincentives to family formation and, in this context, is very concerned about the marriage penalty associated with the EITC. Staff will be looking at possibilities for addressing this problem, including redefining EITC eligibility, and would be interested in the Administration's exploration of the issue as well. The Senator may have questions about the territories and denying benefits to legal immigrants.

**Senator Wallop (R-WY):** One of the most conservative members of the Senate, Wallop also is retiring this year. While, the Senator agrees with the premise that a new welfare system requires more funding before there are any savings, his staff believes that the Senator will have many concerns with the Administration's welfare reform legislation. He is especially concerned about the impact of the plan on rural and hard-to-serve areas in Wyoming.

The Senator's principle concern is attracting and/or training qualified caseworkers and the lack of jobs in remote areas. His staff also expressed concern about the limited number of recipients that the Administration's proposal will affect. In particular, staff requested additional information on the percentage of targeted recipients who are unemployable (disabled, illiterate). Finally, with respect to the changes in the 100 hour rule for a two parent family, staff believes the number of recipients will increase as a result of this change.

Senator Wallop is not a cosponsor of any welfare reform legislation.

STATEMENT BY  
DONNA SHALALA  
SECRETARY  
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE THE  
COMMITTEE ON FINANCE  
U.S. SENATE

JULY 13, 1994

STATEMENT BY

DONNA SHALALA

SECRETARY

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE THE

COMMITTEE ON FINANCE

U.S. SENATE

JULY 13, 1994

Thank you Mr. Chairman and members of the Committee for the invitation to appear before you today. I am very pleased that the Finance Committee is holding a hearing on the Work and Responsibility Act of 1994 so soon after its introduction.

I am joined here today by two of the key architects of this legislation, Dr. Mary Jo Bane, HHS Assistant Secretary for Children and Families, and Dr. David Ellwood, HHS Assistant Secretary for Planning and Evaluation. Together with Bruce Reed, Deputy Assistant to the President for Domestic Policy, Drs. Bane and Ellwood have co-chaired a task force appointed by the President that sought the advice of several hundred experts, welfare recipients, and service providers in the design of this visionary plan.

Welfare as we know it has become a national tragedy. More than 14 million Americans depend on monthly welfare checks that now cost taxpayers more than \$22 billion dollars each year. In

the last five years alone, well over 3 million recipients have been added to the AFDC rolls. Almost 30 percent of all births are to unmarried mothers. And nearly one in four children currently lives in poverty. Too many children grow up in households where none of the adults are working.

As you've pointed out, Mr. Chairman, a central part of the problem is the growth in the number of births to young, unmarried mothers. As one of this country's most visionary thinkers on social policy, you have long recognized the need for reform. And we are now on the threshold of change, largely because, for many years, you have kept this issue firmly in the national spotlight. For that you deserve our gratitude.

President Clinton, and many of us -- both inside and outside of his Administration -- have worked long and hard to put together this legislation. And I am proud of the result.

The Work and Responsibility Act of 1994 will fundamentally change this country's approach to helping young parents move from dependence to independence. And, equally important, it will improve the quality of life for millions of young children. America's children -- increasingly our poorest citizens -- deserve a chance to grow up to opportunity, not poverty and hopelessness.

If there is one thing that stands out the most from our nationwide hearings on this issue, it is that our current system doesn't work and nobody likes it -- least of all the people who depend most on it for help -- welfare recipients themselves. So

as Congress debates this issue, at least we know it won't be about whether or not we need welfare reform -- we all agree on that. The question is how best to go about it.

As the distinguished Chairman knows from his years of research and leadership on social policy, there is no magic solution for the complex problem of chronic welfare dependency. But that should not deter us from meeting this challenge head-on.

This issue has become even more urgent in light of some disturbing trends: more and more children today are born to teenage mothers and outside of marriage. Almost half of all single mothers receiving AFDC -- about 42 percent -- are or have been teenage mothers.

The welfare system will continue to be part of the problem rather than part of the solution unless bold changes are made. We believe we have put on the table a bold, balanced plan that will really make a difference.

Under our plan, by the year 2000, one million people will either be working or completely off welfare. Even using relatively conservative assumptions, our projections show that more than 330,000 adults who would otherwise have been on welfare will have left the rolls by that time. About 222,000 adults will be working part-time in unsubsidized jobs. And 394,000 adults will be in subsidized jobs in the WORK Program -- up from 15,000 in work experience programs now. In addition, another 873,000 recipients in the year 2000 will be in time-limited education or training programs leading to employment. And by that time,

federal child support collections will have more than doubled, from \$9 billion to \$20 billion.

Let me add that we hope to proceed on welfare reform in a bipartisan manner. In fact, there are many similarities between our bill and the two major Republican alternatives in the House and Senate. Both share the President's vision for reform, making public assistance a transitional program leading to mandatory work. Both provide funding for education, training, child care, and job creation. And both recognize that it will require an investment of time and money to move young mothers toward self-sufficiency.

Our welfare reform strategy has three overarching principles: work, responsibility, and reaching the next generation.

#### WORK

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

As a crucial ingredient of reform, support will be provided to help people keep jobs once they get them. Tax credits, health care and child care will make it possible for everyone who works to be better off than they were on welfare, and for even workers in entry-level jobs to support their families.

The key to ensuring the success of this transition from welfare to work is expanding on the success of the Job Opportunities and Basic Skills or JOBS program. JOBS is the cornerstone of the Family Support Act of 1988 (FSA), that was championed by Chairman Moynihan and then-Governor Bill Clinton.

FSA paved the way for our reforms by introducing the expectation that welfare should be a transitional period of preparation for self-sufficiency, and by recognizing the need for investment in education, training, and employment services for welfare recipients.

However, the JOBS Training program created by the FSA did not change the welfare system as much as was intended. Because of its broad exemption policy and relatively low participation rates, only a small portion of the AFDC caseload is actually required to participate in the JOBS program. Only 16 percent of mandatory participants engaged in work or training activities in fiscal year 1992. Since only 43 percent of the adult caseload are considered mandatory participants, the actual percentage of the caseload involved in the JOBS program is even smaller. In reality, few recipients, especially those at-risk of long-term

welfare dependency, are moving toward employment that will enable them to leave AFDC.

The President's Work and Responsibility Act seeks to change this by replacing AFDC with a new transitional assistance program that includes four key elements: a personal employability plan; training, education and placement assistance to move people from welfare to work; a two-year time limit; and work requirements. We also propose a significant narrowing of the participation exemptions contained in current law.

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

Our philosophy is simple and fair: everyone who receives cash support must do something to help themselves. The JOBS program will be the centerpiece of the public assistance system.

From day one, the new system will focus on making young mothers self-sufficient. Each applicant will sign an agreement to move quickly toward independence in return for assistance. Working with a caseworker, each recipient will develop an employability plan -- a work and training agreement -- designed to move her into an unsubsidized job as quickly as possible. Participants who are job-ready will immediately be engaged in a job search and anyone offered a job will be required to take it. We expect that many recipients will be working well before they hit the two-year time limit.

Several mechanisms will integrate the JOBS program with other education and training programs to expand access to the system and reduce the administrative burden on States. Our plan also will ensure that even those unable to participate in education, training or work still meet certain expectations.

It is important to note that our proposal only defers people with a disability or those who need to care for a disabled child; mothers with infants under one; and certain people living in remote areas. AFDC mothers who have additional children while on assistance will be deferred for only 12 weeks after the child's birth.

In contrast, current law allows much broader exemptions for women with any child under three, young mothers under 16, and women in their second and third trimesters of pregnancy.

By the year 2000, these changes will move us from a situation in which almost three quarters (73 percent) of the target group are neither working nor expected to participate in training, to one in which more than three quarters (77 percent) of the phased-in group are either off welfare, working, or in a mandatory time-limited placement and training program.

In short, JOBS participation will be greatly expanded through increased participation rates, and JOBS participants will participate in more work experience, education, and training programs. To achieve this, we have given states and localities flexibility in designing the exact mix of JOBS program services. Employability plans may be adjusted as a family's situation

changes. But parents who refuse to stay in school, look for work or attend job training programs will be sanctioned, generally by losing their share of the AFDC grant.

In addition, the Federal cap on JOBS spending will be increased from \$1 billion to \$1.7 billion in fiscal year 1996. Over the five-year period between 1996 and the year 2000, we will increase JOBS spending by \$2.8 billion--a 56 percent increase over current spending. The capped entitlement for JOBS will rise further if the national unemployment rate reaches 7 percent or higher.

As members of this committee know, the current JOBS program is hampered by many States' inability to draw down the full amount of available Federal funds. In fact, States spent only slightly more than two-thirds (68 percent) of the total available Federal JOBS allotment in fiscal year 1992. To help States draw down their full allotment, the Federal match rate will be increased -- by five percentage points over the current JOBS match rate in 1996, rising to 10 percentage points over the current JOBS match rate by the year 2000. The minimum Federal match will be 70 percent in that year.

Specific examples best illustrate the impact of these changes: In fiscal year 1994, we estimate that New York will spend \$68 million in State monies on JOBS, which will allow it to draw down \$95 million in Federal JOBS funding. Under the new match rate, New York could maintain its current level of spending and draw down \$119 million in Federal funds in fiscal year 1996.

The same amount of State funds (\$68 million) could draw down \$127 million in fiscal year 1997 and \$152 million in fiscal year 1999 -- that is a 60 percent increase between fiscal year 1994 and fiscal year 1999. We estimate that Louisiana would experience a 74 percent increase in Federal JOBS funding between fiscal year 1994 and fiscal year 1998 under this new match, while Oregon would experience a 33 percent increase over the same period. Kansas would experience a 48 percent increase in Federal funds between fiscal year 1994 and fiscal year 1998 under the new match rate.

In addition, a single match rate for direct program costs, administrative costs and work-related supportive services will replace the current system's varying match rates. Provisions also have been incorporated that address unemployment--during periods of high State unemployment, the State match for JOBS (and WORK and At-Risk Child Care) would be reduced.

As you know, our welfare reform plan also includes the first time limits on welfare ever proposed. The cumulative two-year time limit on benefits will give both recipients and caseworkers a structure of continuous movement toward fulfilling the objectives of the employability plan and, ultimately, finding a job. We believe that only with time limits will recipients and caseworkers know unambiguously that welfare has changed forever. And only then will the focus really be on work and independence.

States will, however, be permitted to grant a limited number of extensions for completion of a GED, or for those who are

learning-disabled, illiterate, or facing other serious obstacles to employment. And in order to encourage States to meet their responsibilities, we require them to grant extensions to persons who have reached the time limit but who have not been provided employment-related services specified in their employability plan. Extensions in all of these categories will be limited to 10 percent.

The WORK Program: Work not Welfare After Two Years.

Once the time limit is reached, welfare ends and people are expected to work. We recognize that some recipients will reach the end of the two-year time limit without having found a job, despite their best efforts -- and we are committed to providing them with the opportunity to support their families if they are willing to work. Each State will be required to operate a WORK program that makes paid work assignments available to recipients who have reached the time limit for cash assistance.

The WORK program is different from "workfare" (or CWEP) programs. Workers will be receive a paycheck based on the hours they actually work. They will not be guaranteed a welfare check and sent out to a work site. Those who do not show up for work will not get paid. This is a straight-forward and radical end to the status-quo.

To move people into unsubsidized private sector jobs as quickly as possible, participants will be required to perform

extensive job search before entering the WORK program, and after each WORK assignment. No single WORK assignment will last more than 12 months and participants will typically be paid the minimum wage. States will be allowed to pursue any of a wide range of strategies to provide work for those who have reached the two-year time limit, including subsidized private-sector jobs, public-sector positions, contracts with for-profit placement firms, agreements with non-profit agencies, and microenterprise and self-employment efforts.

To create a further incentive to find an unsubsidized job, participants in subsidized WORK positions will not receive the Earned Income Tax Credit; ensuring that any unsubsidized job will pay more than a subsidized work assignment. Anyone who turns down a private sector job will be removed from the rolls, as will people who refuse to make good faith efforts to obtain available jobs.

The WORK program will begin in 1998, and it should cost \$1.2 billion in Federal dollars during the first five years. By 2000, the WORK program should serve approximately 394,000 participants, which is a dramatic expansion from the 15,000 in work experience programs today.

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

We recognize that a fundamental flaw in the current welfare system is that it does little to encourage work. Those who work often lose benefits dollar for dollar, face burdensome reporting requirements, and cannot save for the future because of asset limitations.

Moving people from welfare to work also means making work pay in this country -- ending the perverse incentives that lead countless people to opt for welfare over work, even though they want to enter the workforce.

Today, 70 percent of those on welfare leave the system within 2 years -- but the vast majority of them return, primarily because the low paying jobs they get do not come with essential benefits like health care and child care. We need to concentrate on two key goals: moving people off welfare and keeping them off.

To "make work pay," this Administration has focused on three critical components -- providing tax credits for the working poor, ensuring access to health insurance, and making safe child care available. We are also proposing to allow states to change earnings disregard policies to reward work and the payment of child support.

Congress has already passed the first crucial element of welfare reform by expanding the EITC, a key initiative of the Clinton Administration. The EITC is essentially a pay raise for the working poor. It means that a family with two children and a single minimum-wage worker will earn the equivalent of \$6.00 an hour with a \$4.25 an hour job. The EITC ensures that a family

with a full-time worker earning minimum wage would, with the help of food stamps, no longer be poor.

We believe that low-income individuals could benefit from receiving the EITC throughout the year, instead of in a lump-sum payment at the end of the year. Our proposal will allow up to four States to conduct demonstrations promoting the use of the advance EITC payment option by shifting the outreach and administrative burden from employers to selected public agencies.

The critical policy, of course, is guaranteed health care security for Americans. This Committee has shown great leadership in moving the health care reform debate to the floor of the U.S. Senate. I would only underscore that we can't succeed with sweeping welfare reform unless we succeed in passing health care reform first.

Studies show that 7 to 15 percent of the current welfare caseload -- at least one million adults and children -- are on welfare simply to qualify for Medicaid. And only 8 percent of those who leave welfare for work move into a job that provides health insurance.

We believe that people should not have to choose welfare over work just to get health coverage for their families. And when Congress passes health care reform, our hope is that this perverse incentive to stay on welfare will end.

The third ingredient in our strategy to make work pay is affordable, accessible, quality child care for families on cash assistance and the working poor. Parents must have dependable

child care in order to work or to prepare themselves for work. Our proposal would significantly expand child care spending. We continue to guarantee one year of transitional child care for those who leave welfare for work, and will extend child care assistance to those participating in the new WORK program. Our proposal also will significantly expand the At-Risk Child Care program for the working poor from \$300 million per year now to over \$1 billion by the year 2000.

As mentioned earlier, we will make the child care match rates consistent with the new enhanced JOBS (and WORK) match rate, allowing States to draw down increased child care funds. For example, we estimate that New York will spend a total of \$85 million in fiscal year 1994 on IV-A child care, transitional child care, and At-Risk child care. Under the current matching rates, New York would draw down the same amount (\$85 million) in Federal funds for these child care programs for that year. Under the proposed match rate, the same or even a slightly smaller amount of State dollars invested in child care in fiscal year 1999 would draw down \$189 million in federal dollars -- an increase of 123 percent. Louisiana would experience a 57 percent increase in Federal child care funding between fiscal year 1994 and fiscal year 1999 if it maintained its fiscal year 1994 spending on child care, and federal dollars for child care would increase by 52 percent in Oregon over the same period. Kansas would experience a 38 percent increase in Federal child care funding between fiscal year 1994 and fiscal year 1999.

Finally, we address quality and supply through a special provision in the At-Risk program. We will help States create seamless child care coverage for persons who leave welfare for work, and allow them to administer all federal child care funds through one agency.

Together, these elements will help ensure that the millions of recipients who leave welfare within two years will not fall back into the system. And it will be clear that work and responsibility are at the core of our values and the heart of our policies.

#### **RESPONSIBILITY**

The second pillar of our plan is responsibility: the responsibility of parents for their children; the responsibility of the system to deliver performance, not process; and the responsibility of the government to provide accountability for taxpayers.

##### Parental Responsibility.

We believe that mothers and fathers must be held responsible for the support of their children. Men and women must understand that parenthood brings serious obligations and that these obligations will be enforced.

While many improvements have been made to the current system, it still fails to ensure that children receive adequate support from both parents. The potential for child support collections is approximately \$48 billion per year. Yet only \$14 billion is actually paid, leading to a collection gap of about \$34 billion. We are proposing the toughest child support system ever to make sure fathers pay their child support. It is simply not acceptable for non-custodial parents to walk away from the children they helped bring into this world.

Establishing awards in every case is the first step toward ensuring that children receive financial support from noncustodial parents. Paternity must be established for every out-of-wedlock birth, regardless of welfare status. Our proposal would greatly expand outreach and public education programs that encourage voluntary paternity establishment, and build on existing hospital-based programs. The genetic testing process will be further streamlined for cases where paternity is contested.

In addition, mothers who apply for AFDC benefits must cooperate fully with paternity establishment procedures prior to receiving benefits. Except in rare circumstances in which paternity establishment is not in the child's best interest, anyone who refuses to cooperate will be denied AFDC benefits. We are proposing to systematically apply a new, stricter definition of cooperation in every AFDC case.

The child support agency -- which has the most expertise and most at stake will administer this new cooperation requirement within each state. When mothers have fully cooperated, the State must establish paternity and will be given one year to do so or risk losing a portion of its federal match for AFDC benefits. Performance-based incentives will encourage States to improve their paternity establishment rates for all out-of-wedlock births, regardless of welfare status.

Fair awards also are crucial to getting support to children who need it. Periodic updating of awards will be required for both AFDC and non-AFDC cases, so that awards accurately reflect the parents' current income. In addition, a National Guidelines Commission will be established to assess the desirability of uniform national child support guidelines or national parameters for State guidelines.

Many enforcement tools will allow States to collect support more effectively. The state-based child support enforcement system will continue, but with changes to move it toward a more uniform, centralized, and service-oriented program. All states will maintain a central registry and centralized collection and disbursement capabilities. The registry will maintain current records of all support orders and operate in conjunction with a centralized payment center for the collection and distribution of child support payments.

Centralized collection also will vastly simplify withholding for employers since they will have to send payments only to one

source. In addition, this change will ensure accurate accounting and monitoring of payments.

The federal role will be expanded to ensure more efficient location of the noncustodial parent and enforcement of orders, particularly in interstate cases. In order to coordinate activity at the federal level and to track delinquent parents across state lines, a National Clearinghouse will be established. This Clearinghouse will consist of an expanded Federal Parent Locator Service, the National Child Support Registry, and the National Directory of New Hires. A stronger federal role in interstate enforcement will make interstate procedures more uniform throughout the country.

Enforcement measures will include revocation of professional, occupational and drivers' licenses to make delinquent parents pay child support; expanded wage withholding; improved use of income and asset information; expanded use of credit reporting; and authority to use the same wage garnishment procedures for federal and non-federal employees.

Our proposal also recognizes the problem absent parents sometimes face in getting work and their genuine desire to help support their children. We propose allowing states to allocate up to 10 percent of their JOBS and WORK funds for programs for non-custodial parents.

The proposal contains several other measures aimed at encouraging parental responsibility. In addition, we are

proposing a limited number of time-limited parenting, access and visitation, and child support assurance demonstrations.

States can choose to lift the special eligibility requirements for two-parent families in order to encourage parents to stay together. States also will be given the option to limit additional benefits for additional children conceived by mothers on AFDC (the "family cap"). States that choose this option will be required to allow families to "earn back" the lost benefit amount through disregarded income from earnings or child support.

Performance: Not Process.

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

In order to better coordinate and simplify program administration, we have proposed several changes in program rules designed to simplify and standardize disparate Food Stamp and AFDC policy rules. Funding incentives and penalties will be directly linked to the performance of states and caseworkers in service provision, job placement, and child support collection.

### Accountability for Taxpayers.

To eliminate fraud and ensure that every dollar is used productively, welfare reform will coordinate programs, automate files, and monitor recipients. We propose several new fraud control measures. States will be required to verify the income, identity, alien status, and Social Security numbers of new applicants. A national public assistance clearinghouse will follow individuals whenever and wherever they use welfare, monitoring compliance with time limits and work. A national "new hire" registry will monitor earnings to check AFDC and EITC eligibility and identify non-custodial parents who switch jobs or cross state lines to avoid paying child support. Anyone who refuses to follow the rules will face tough new sanctions, and anyone who turns down a job offer will be dropped from the rolls.

### REACHING THE NEXT GENERATION

It is absolutely critical that our reforms send a strong message to the next generation. All young people must understand the importance of staying in school, living at home, preparing to work, and building a real future. And they must realize that having a child is an immense responsibility - not an easy route to independence.

### Preventing Teen Pregnancy.

We recognize that welfare dependency could be significantly reduced if more young people delayed childbearing until both parents were ready and able to assume the responsibility of raising children. And we are committed to doing everything we can to prevent teenage pregnancy in the first place.

I don't have to tell you how big a challenge that is. And it would be naive to suggest that government can do it alone. We are well aware that reducing the incidence of teen pregnancy will require the involvement of every sector of our society.

The link between teen births and poverty is clear: According to an Annie E. Casey Foundation study, approximately 80 percent of the children born to teen parents who dropped out of high school and did not marry are poor. In contrast, only 8 percent of children born to married high school graduates aged 20 or older are poor.

We are proposing a number of measures, including a national campaign against teen pregnancy designed to send a clear and unambiguous message to young people about delayed sexual activity and responsible parenting. As part of that effort, we would create a national clearinghouse to provide communities and schools with models, materials, training and technical assistance. The clearinghouse will distribute what is known and evaluate new approaches.

Our legislation also would set up new grant programs to test community-based approaches to reducing teen pregnancy. And because we need to pay particular attention to areas where the

risks are greatest, we are proposing grants to set up programs in roughly 1000 middle and high schools.

We are also proposing to fund larger, more comprehensive demonstrations to simultaneously address the broader health, education, safety and employment needs of young people. These grants are intended to galvanize local efforts and inspire communities to work together.

We are absolutely committed to promoting abstinence-based programs in the schools as a key to preventing teen pregnancy. And we are equally determined to build our strategy on the best available research.

#### Phasing-in Young People First.

We have chosen to phase in the plan by starting with young people: those born after 1971. We chose this strategy not because young single mothers are easiest to serve, but because they are so important to our future.

The younger generation of welfare recipients is our greatest concern. Younger recipients are likely to have the longest stays on welfare. They also are the group for which there is the greatest hope of making a profound difference. We strongly believe that the best way to end welfare as we know it is to reach the next generation; to devote energy and new resources to young people first, rather than spreading our efforts so thinly that little real help is provided to anyone.

This proposal represents a radical change in how we think about and administer welfare. But to get it right requires a solid and well planned implementation strategy. Even if resources were plentiful, the lessons we learned from the Family Support Act as well as from our site visits and discussions with state administrators have convinced us that attempting to implement a time-limited transitional assistance program for the entire caseload at once would create enormous difficulties. We believe these difficulties could be avoided and the changes we envision successfully implemented by adopting this phase-in strategy.

Moreover, recent evidence from several programs serving teen mothers suggests that this population needs special attention and can be reached. By phasing in the plan with the youngest recipients first, we send a strong message of responsibility and opportunity to the next generation.

But let me be very clear about our proposal. Our legislation requires states to phase-in reform with recipients born after 1971. This implementation strategy limits the initial mandatory caseload to about one-third of the total in 1996, helping cash-strapped states enact meaningful WORK programs with time limits that can really be enforced. By the year 2000, this phase-in strategy means that half of all AFDC recipients, about 2.4 million people, will be in the new system. And by the year 2004, two-thirds will be subject to the new rules.

However, states will have the option to define the phased-in group more broadly, allowing them to apply time limits and other new rules to a larger percentage of the caseload if they wish. In addition, states will be required to serve volunteers from the non phase-in group to the extent that federal JOBS funds are available. At state option, these volunteers also may be subjected to the two-year time limit in exchange for access to services. And of course, the Family Support Act will continue to require education and training for other AFDC recipients under current JOBS rules. We believe that this approach creates a realistic partnership with the states, and sets up a meaningful approach to real welfare reform.

#### A Clear Message for Teen Parents.

The proposal includes several incentives for young parents designed to promote responsible behavior. Minor parents will be required to live in their parents' households unless the environment is unsafe. Minor parents are still children themselves and they ought to live with adults who can offer supervision and guidance. The welfare system should not encourage young people who have babies to leave home, set up separate households and receive separate checks. In such cases where there is a problem such as danger of abuse, states will be encouraged to find a responsible adult with whom the teen parent can live.

In order to meet the special needs of teen parents, any custodial parent under age 20 will be provided case management services. Although virtually all teen parents will be required to stay in school and participate in JOBS, the 24-month time clock will not begin to run until the parent turns age 18. States also will have the option of using monetary incentives combined with sanctions as inducements to encourage young parents to remain in school or GED class.

In the end, Mr. Chairman, this is not about dollars and data. It is about values. For too long, the welfare system has been sending all the wrong messages. The Work and Responsibility Act is designed to get the values straight. It translates our values about work, responsibility, family and opportunity into a framework for action. It places new expectations and responsibilities on recipients, and federal and state governments alike.

That is the message you started to send with the Family Support Act. It is time to fully realize that vision, and to build a bold new future based on the core values we all share.

We believe that this issue is critical -- that welfare reform is about nothing less than our vision of what kind of country we are and want to be. Do we want to be a country that encourages work over idleness? Do we want to be a country that expects our young people to act responsibly? Do we want to be a country that rewards hard work and fair play and accepts nothing

less? Do we want to be a country that helps provide a brighter future for our children?

The Work and Responsibility Act of 1994 answers those questions with a resounding YES. We believe this bill will truly strengthen America's families and communities.

Mr. Chairman, you and the members of this committee have shown real leadership on this issue. I look forward to working with all of you as you begin your work on this historic legislation. Thank you for your attention and I would be pleased to answer any questions you may have at this time.

## WELFARE REFORM QUESTIONS

### Ending Welfare As We Know It/Time Limit

- (1) It seems like this proposal changes welfare, but doesn't end it, and in a way expands it. How does it redeem the campaign promises to end welfare as we know it?
- (2) Does anyone ever actually have their benefits terminated under this plan?
- (3) How many people will get off the welfare rolls as a result of this proposal and when?
- (4) Why did you chose a two-year limit? Won't this lead to a people staying on AFDC for the full two-year period (haven't you just created a two year entitlement to AFDC)? How soon does a person have to start looking for work?
- (5) Isn't this welfare as usual for recipients over age 25? Doesn't that go against the President's campaign promise to "end welfare as we know it?"
- (6) How many people will be exempt from participation?
- (7) What are the specific sanctions against people who refuse regular, unsubsidized jobs?
- (8) Do you think the Administration's Proposal Addresses the problem of substance abuse by AFDC recipients sufficiently? Why are the Administration's estimates of substance abuse among AFDC recipients so much lower than those of Joseph Califano's Center on Addiction and Substance Abuse (CASA)?
- (9) How would the Administration assure that substance abuse treatment is available to AFDC recipients?
- (10) The President's proposal assumes that jobs will be waiting for those who seek to leave welfare for work in the private sector. What evidence exists that this is the case?
- (11) What happens to the children if someone's benefits and/or public job are terminated?

Note: Bold indicates key questions

- (12) Given the diversity of the AFDC caseload, isn't a two-year limit too rigid? Since AFDC recipients vary tremendously in terms of their job skills, shouldn't the limit be one year for some and three years for others?
- (13) Is the two-year limit on cash assistance a lifetime limit?
- (14) What does the proposal do about welfare fraud?
- (15) How will state agency staff be trained to assume their new roles as case managers and coordinators of a wide range of services? How will this training be paid for?
- (16) Why not simply fully fund the existing JOBS program and give it more time to work? Why not wait to learn more from waivers and demos before making dramatic changes in the system that may not work?
- (17) To what extent are welfare reform efforts complicated by larger issues such as labor market conditions/trends?
- (18) What is the proper balance between work expectations and parenting responsibilities?
- (19) How will success be defined in welfare reform?
- (20) If a parent isn't willing to or accept a job offer that the recipient feels is beyond their capacity or has no private health insurance coverage, is the entire family sanctioned? What outcomes do you expect for children in this situation? Aren't they being punished or neglected due to the actions of their parents?
- (21) People will begin with two years of JOBS, then have the option of two one-year WORK assignments. If they can't find a job and still need public assistance they may move back into JOBS or even pre-JOBS. So are there really any time limits here?
- (22) Why not put older welfare recipients or recipients with children in school or in Head Start to work immediately, since they are less likely to have children in need of child care?
- (23) You allow an extension of the time limit to individuals who need it to complete an education or training program. Surely two years for such programs is enough. Don't the extensions and exceptions throughout this proposal distort this welfare effort significantly, such that it becomes indistinguishable from the current system?
- (24) Will there be any expectation of people on waiting lists? How long can a person wait on such a list before services and expectations are in place for them? Has anything really changed for these people?

- (25) What happens to a recipient who goes on the rolls, agrees to an employability plan and then is never provided the services she needs to get a job due to State inertia. What recourse does she have?
- (26) How does this welfare reform legislation fit into other Administration initiatives ?
- (27) Can someone who takes a job, but leaves it after 6 months, return to AFDC?
- (28) If the sanctions include a termination of all AFDC benefits, who will ensure that the children are not harmed by this?
- (29) How will the plan deal with the elimination of the safety net of housing assistance, food stamps, etc, once a person has found private sector employment?

### **Phase-in**

- (1) How many AFDC recipients are affected by the Administration's proposal? How many are not? Why is the effect so limited?
- (2) Why did the Administration choose this phase-in mechanism?
- (3) Will people who are not in the phased-in group have no expectations placed on them whatsoever?
- (4) Can states chose to cover people other than the phase-in group?
- (5) MDRC's newest findings show negative impacts under the New Chance demonstration for younger AFDC mothers and the positive impacts under the GAIN demonstration for older mothers. Don't these findings argue against the Administration's strategy of initially focusing the time-limited program on young mothers?
- (6) How long will take to phase-in all AFDC recipients?
- (7) Did you consider focusing on other groups such as those with the closest connections to the work force who would be most likely to make the successful transition off of welfare, at lower costs, and with fewer child care needs?

### **State Implementation/Flexibility**

- (1) How much State flexibility is there in the plan? Can states still submit requests for waivers?

- (2) What will happen to states with waivers in place, particularly waivers that provide special services to AFDC recipients other than those in the phase-in group? What will happen to states that implemented time units under a Section 1115 waiver.
- (3) Will states be able draw down the money made available for JOBS/WORK, since some have been unable to under the 1988 Family Support Act?
- (4) What will be the incentives/matching rates for states?
- (5) Is there a difference between rural poverty and urban poverty and will welfare reform take those differences into consideration (for transportation, child care, etc.)?
- (6) Are the states ready for welfare reform? Will they be able to implement welfare reform, including changes in AFDC, JOBS, and child support enforcement? If not immediately then when?
- (7) With the new income disregards in AFDC, what will be the highest actual income a person could earn and still receive benefits? Will this be different across States?
- (8) How will this plan affect people in the territories?
- (9) How will the performance of states be assessed to determine the degree to which states have adequately served participants in the JOBS and WORK programs?
- (10) The Family Support Act proposed to develop performance standards but they were never implemented. Why will the performance standards of the Administration's bill be any more successful?

## **Cost/Financing**

- (1) How much does this program cost? Why is it more expensive to get people off welfare than to keep them on the existing AFDC program?
- (2) How will this reform proposal be paid for?
- (3) Why are you financing welfare reform on the backs of immigrants and the homeless?
- (4) How much of the burden of financing this bill is going to fall on legal immigrants?
- (5) What are the provisions, if any, affecting needy aliens?
- (6) Does the Administration's financing package shift cost to the states ?

- (7) Do illegal aliens receive any federal benefits?
- (8) How many legal aliens receive public assistance benefits?
- (9) How is the citizenship status of AFDC applicants verified?
- (10) What changes does the President's welfare reform bill make to alien eligibility for federal assistance programs?

### **JOBS Program**

- (1) Federally-supported job training programs do not have a successful track record, why will this program be more effective?
- (2) Will tribes receive direct funding for JOBS?
- (3) Who will determine appropriate training for each recipient?
- (4) How will job training program under JOBS be coordinated with existing job training programs in the Department of Labor? How is coordinated with the Administration's Re-employment Act?
- (5) If the JOBS and Work programs are part of "One Stop Shopping", what agency will administer the programs and pay for the training?
- (6) Could a person be provided with some services without being brought completely into the program?
- (7) What participation rate standards will states be held to under the new enhanced JOBS program? What will the required participation rates be under the WORK program?

### **WORK Program**

- (1) Why should the government provide jobs to people on welfare? Won't this take jobs away from working people?
- (2) What kinds of publicly-supported jobs would people get under this program? How much would they be paid? Will they be jobs that provided training to move into higher paying and/or higher skilled labor? Who pays for the supervision of these workers? Will they be required to do anything besides show up for work (continued job search in the private sector, additional training)?
- (3) What happens to those in areas with high unemployment, such as reservations, who cannot find jobs?

- (4) Won't people stay in the WORK program forever? How long will an individual be allowed to stay in a public service or subsidized private sector job? Will families be penalized if no work is available?
- (5) What incentives will there be for a private employer to hire a person from the WORK program? What will motivate a private employer to shift a person from subsidized to non-subsidized employment?
- (6) Will there be allowances in the WORK program for part-time work? Can someone work part-time and collect benefits forever? Does the clock stop for part-time work?
- (7) How will states be able to generate the necessary WORK slots, given the mixed history of subsidized jobs?
- (8) Do you anticipate union objections to your public services jobs? Will employers prefer clients subsidized through welfare to paying "full price" to those who are not on the system? How are you assuring that there will be no displacement of private sector workers?
- (9) Why does the plan not create full-scale public service jobs like those created under CETA. How will these be better than the CETA program, which is generally viewed as unsuccessful? Is there any evidence that these jobs are worth the additional expenditure of public dollars?
- (10) What controls will be in place to detect fraud in the WORK program? Is it possible, that the program will become a giveaway to private sector employers?
- (11) Who develops/controls the new WORK programs? What is the Federal role, the State role, the local role?
- (12) Will WORK participants, both in subsidized private sector jobs and public sector jobs, receive the same benefits as other employees who do not hold their jobs through the WORK program?
- (13) How will it be determined whether WORK participants are hired by the public or private sector?
- (14) Will there be any money saved with the Jobs/Work program?

### Child Care

- (1) How much will this proposal to expand federally-funded child care cost? Who will have access to this child care, just AFDC recipients or the working poor as well?

- (2) Why was additional money for working poor child care scaled back? Won't the scarcity of funds provide an incentive for women needing child care to return to welfare, where subsidies are guaranteed?
- (3) How much will subsidized child care cost? How long will it be provided for each family? Are some families in the same economic circumstances being left out? Isn't this inequitable? Will people who are not in the phased-in group have access to services such as child care and JOBS? Will there be enough resources for these individuals?
- (4) Why not consolidate all child care programs and make more efficient use of limited dollars?
- (5) Does your proposal give child care to all AFDC recipients in JOBS or WORK, as well as the working poor? If so, how do you justify the cost to the government to provide a single woman, working in a minimum wage job, child care assistance and the EITC? Wouldn't it actually cost less for her to simply receive AFDC? And wouldn't it make more sense, especially if she has young children, for her to receive AFDC and be able to stay home and raise her children?
- (6) What child care services are available for a welfare recipient taking a private sector job?

### Child Support

- (1) How are you proposing to strengthen the child support system? Your savings seem unrealistically high, can you support them?
- (2) How will fathers pay support if they don't have jobs? Will anything be required of fathers who cannot pay the child support they owe?
- (3) Will you provide funding for job allotments for unemployed males who are noncustodial parents?
- (4) Since there is general agreement about reforming the child support enforcement system, why not go ahead and pass those provisions separately this year?
- (5) How many people would get off welfare if all non-custodial parents paid the support they were suppose to pay?
- (6) How will the adequate legal safeguards and protections afforded through a judicial review and process possibly be maintained if you move to an administrative process as proposed?

- (7) Why are all families included in State child support registries to be reviewed automatically every three years? The proposal calls for expensive upgrading of the system; will the savings really exceed the cost?
- (8) Is three years the appropriate time frame in which to review all cases?
- (9) Is it appropriate for this system to become involved in non-AFDC cases? Will the outcome warrant the spending necessary?
- (10) How burdensome will this system be on employers? Will the additional paperwork required to report all new hires discourage employers from participating, or from willingness to hire people who will require such paperwork?
- (11) Many parents pay child support regularly and faithfully. Is it necessary to impose such a "big brother" system on all non-custodial parents?
- (12) How do you expect a non-custodial parent to work to meet his/her support obligation when sanctions include suspension of drivers licenses and professional licenses? Isn't this counter-productive?
- (13) Your child support enforcement proposals seem to include many in-state mandates as well; won't this be an additional burden on states?

### **Teen Pregnancy Prevention**

- (1) What are you doing in this proposal to turn the tide on teen pregnancy and out-of-wedlock births?
- (2) Why does the Clinton proposal allow States to implement family caps if numerous studies state that they are ineffective?
- (3) What happens to the children born to women subject to the family cap? How does your plan ensure that they are adequately cared for?
- (4) What kind of results can be realistically expected from a "national campaign"? How long would you expect it to be before we see any results?
- (5) If this administration is serious about reducing the number of people on welfare, why has limiting welfare benefits for additional children been left as a State option?

- (6) What are you doing to address the issue of men who father children out-of-wedlock?
- (7) I understand teen mothers will be required to live at home or with a responsible adult, how will you handle situations where the minor mother is threatened by the home environment? Will the minor be allowed to live with another responsible adult without having to prove that living with the parent could be destructive? Who will determine whether the responsible adult is appropriate? How easy will it be for a minor mother to get a good cause exemption in order to continue living on her own? Is this proposal likely to have any real impact, or is it mainly symbolic?

### Improving Government Assistance

- (1) By allowing States the option to provide benefits for a larger proportion of two parent families, aren't we going to increase welfare rolls?
- (2) The higher earnings disregard in the first four months of AFDC receipt is to encourage work. If the Administration intends to encourage work, why does the proposal allow States the option of changing the disregard so that disposable income for a recipient could end up being lower in the first four months than under current law?
- (3) By allowing States the option of treating single parent families differently than dual parent households, aren't we discriminating against intact families?
- (4) During the campaign, President Clinton often spoke of helping those on welfare attain self-sufficiency through self-employment or by allowing individuals to save money for activities that could help lead to self-sufficiency. What activities in the plan would fulfill this campaign pledge?

### Ending Welfare As We Know It/Time Limit

- (1) It seems like this proposal changes welfare, but doesn't end it, and in a way expands it. How does it redeem the campaign promises to end welfare as we know it?
- (2) Does anyone ever actually have their benefits terminated under this plan?
- (3) How many people will get off the welfare rolls as a result of this proposal and when?
- (4) Why did you chose a two-year limit? Won't this lead to a people staying on AFDC for the full two-year period (haven't you just created a two year entitlement to AFDC)? How soon does a person have to start looking for work?
- (5) Isn't this welfare as usual for recipients over age 25? Doesn't that go against the President's campaign promise to "end welfare as we know it?"
- (6) How many people will be exempt from participation?
- (7) What are the specific sanctions against people who refuse regular, unsubsidized jobs?
- (8) Do you think the Administration's Proposal Addresses the problem of substance abuse by AFDC recipients sufficiently? Why are the Administration's estimates of substance abuse among AFDC recipients so much lower than those of Joseph Califano's Center on Addiction and Substance Abuse (CASA)?
- (9) How would the Administration assure that substance abuse treatment is available to AFDC recipients?
- (10) The President's proposal assumes that jobs will be waiting for those who seek to leave welfare for work in the private sector. What evidence exists that this is the case?
- (11) What happens to the children if someone's benefits and/or public job are terminated?

Note: Bold indicates key questions

- (12) Given the diversity of the AFDC caseload, isn't a two-year limit too rigid? Since AFDC recipients vary tremendously in terms of their job skills, shouldn't the limit be one year for some and three years for others?
- (13) Is the two-year limit on cash assistance a lifetime limit?
- (14) What does the proposal do about welfare fraud?
- (15) How will state agency staff be trained to assume their new roles as case managers and coordinators of a wide range of services? How will this training be paid for?
- (16) Why not simply fully fund the existing JOBS program and give it more time to work? Why not wait to learn more from waivers and demos before making dramatic changes in the system that may not work?
- (17) To what extent are welfare reform efforts complicated by larger issues such as labor market conditions/trends?
- (18) What is the proper balance between work expectations and parenting responsibilities?
- (19) How will success be defined in welfare reform?
- (20) If a parent isn't willing to or accept a job offer that the recipient feels is beyond their capacity or has no private health insurance coverage, is the entire family sanctioned? What outcomes do you expect for children in this situation? Aren't they being punished or neglected due to the actions of their parents?
- (21) People will begin with two years of JOBS, then have the option of two one-year WORK assignments. If they can't find a job and still need public assistance they may move back into JOBS or even pre-JOBS. So are there really any time limits here?
- (22) Why not put older welfare recipients or recipients with children in school or in Head Start to work immediately, since they are less likely to have children in need of child care?
- (23) You allow an extension of the time limit to individuals who need it to complete an education or training program. Surely two years for such programs is enough. Don't the extensions and exceptions throughout this proposal distort this welfare effort significantly, such that it becomes indistinguishable from the current system?
- (24) Will there be any expectation of people on waiting lists? How long can a person wait on such a list before services and expectations are in place for them? Has anything really changed for these people?

- (25) What happens to a recipient who goes on the rolls, agrees to an employability plan and then is never provided the services she needs to get a job due to State inertia. What recourse does she have?
- (26) How does this welfare reform legislation fit into other Administration initiatives ?
- (27) Can someone who takes a job, but leaves it after 6 months, return to AFDC?
- (28) If the sanctions include a termination of all AFDC benefits, who will ensure that the children are not harmed by this?
- (29) How will the plan deal with the elimination of the safety net of housing assistance, food stamps, etc, once a person has found private sector employment?

## Ending Welfare As we Know it/Time Limit

### QUESTION:

It seems like this proposal changes welfare, but doesn't end it, and in a way expands it. How does it redeem the campaign promises to end welfare as we know it?

### ANSWER:

- ▶ Our proposal changes the basic assumptions of the welfare system, emphasizing work and responsibility instead of ongoing cash support. Under the President's plan, welfare offices will focus on helping people get paychecks, not welfare checks. Support, job training, and child care will be provided to help people move from dependence to independence. But time limits will ensure that anyone who can work, must work--in the private sector if possible, in a temporary subsidized job if necessary. At the same time, by focusing on young people, we send a clear signal to today's teenagers that welfare as we know it has ended.
  
- ▶ Most importantly, after two years, everyone will be required to work. People who don't work will not be paid. That is a straightforward and radical end to the status quo.

## Does Plan End Benefits

### QUESTION:

Does anyone ever actually have their benefits terminated under this plan?

### ANSWER:

- ▶ President Clinton's welfare reform plan will demand responsibility by requiring anyone who can work to work within two years, in the private sector if possible, in a subsidized job if necessary. Anyone who turns down a private sector job will be removed from the rolls, as will people who repeatedly refuse to make good faith efforts to obtain available jobs. Sanctions will ensure that people fulfill the requirements of the JOBS and WORK Programs.
- ▶ In addition, the President's plan will move people into the workplace as quickly as possible, by making WORK assignments less attractive than unsubsidized alternatives. We limit each WORK assignment to one year; require frequent job search; and withhold the EITC from WORK participants in subsidized jobs. After two years, WORK participants who have not found unsubsidized work will be individually assessed. Those who fail to apply for open unsubsidized jobs, who fail to cooperate with potential employers, or who turn down job offers will be removed from the program and barred from applying for further subsidized work for six months.
- ▶ However, participants who are willing to work and play by the rules will not be left without a way to provide support for their families, just because they live in an area where there are no jobs available for them.

## Numbers Leaving Welfare

### QUESTION:

How many people will get off the welfare rolls as a result of this proposal, and when?

### ANSWER:

- ▶ In the year 2000, 2.4 million adults will be subject to the new rules, including time limits and work requirements. Using our best estimates, almost one million people will either be off welfare or working. 331,000 people who would have been on welfare will have left the welfare rolls. 222,000 parents will be working part-time in unsubsidized jobs. 394,000 people will be in subsidized jobs in the WORK program -- that's up from 15,000 now.
- ▶ Ultimately, welfare reform's success must be measured not by the program's size but by its ability to help people keep jobs once they leave welfare. Already, 70 percent of welfare recipients leave the rolls within two years. But most (2/3) return within three years. The supports in our reform plan will enable people to stay in jobs, remain self-sufficient, and leave the welfare system for good.
- ▶ The plan also includes new provisions to prevent teen pregnancy and welfare dependency. By changing the incentives of welfare and launching a national prevention campaign, it sends a strong signal to teens that pregnancy and childbirth should be delayed. We also focus on teens who are already mothers -- with mentoring, child care, time-limited AFDC benefits, requirements to live with a responsible adult and identify their child's father, incentives to stay in school, and other services necessary to put them on the path to work and self-sufficiency. Our child support provisions provide a further way to reduce and prevent welfare dependency.

## Why Two Years

### QUESTION:

Why did you choose a two-year limit? Won't this lead to people staying on AFDC for the full two-year period (haven't you just created a two-year entitlement to AFDC)? How soon does a person have to start looking for work?

### ANSWER:

- ▶ A two year lifetime limit tells those entering the welfare system that AFDC is a temporary income support program, yet remains sensitive to the fact that all recipients are not yet job ready. We believe that two years is enough time for most people to obtain the skills and training they need to find jobs and become economically self sufficient. In fact, 70 percent of welfare recipients already leave the rolls within two years.

From the very first day, the new system will focus on making young mothers self-sufficient. Working with a caseworker, each woman who is in JOBS or temporarily deferred will develop an employability plan identifying the education, training, and job placement services needed to move into the workforce. Because many applicants are job-ready, most plans will aim for employment well within two years. New recipients who are job-ready will immediately be oriented to the workplace through job search. Anyone offered a job will be required to take it.

## Does Plan End Welfare as we Know It?

### QUESTION:

Isn't this welfare as usual for recipients over age 25?  
Doesn't this go against the President's pledge to end welfare as we know it?

### ANSWER:

- ▶ We have ended welfare as we know it, through bold changes in parental responsibility, child support enforcement, and the JOBS program. We have changed the incentives for recipients by making work more attractive and more possible. We have changed the incentives for States by making them help clients achieve self-sufficiency, rather than just hand out checks.
- ▶ The system will be vastly different for those over 25 as well. Tough new child support enforcement measures will benefit all recipients. Universal health care and the expanded EITC will help women find permanent employment and achieve financial security.
- ▶ JOBS and child care funds will also support services to welfare recipients outside the mandatory phase-in group. Given the reasonable phase-in requirements of our proposal, there will be sufficient resources to provide substantial services to these other individuals.
- ▶ States may also choose to phase older recipients into the time limited system -- with federal matching funds.

## How Many People Will be Exempt

### QUESTION:

How many people will be exempt from participation?

### ANSWER:

- ▶ Our plan will reduce existing exemptions and ensure that from day one, even those who can't work must meet certain expectations. Mothers with disabilities and those caring for disabled children will initially be exempt from the two-year time limit, but could be required to take steps that would lead to work. Another exemption allowed under current JOBS rules will be significantly narrowed: mothers of infants will receive only short-term deferrals (12 months for the first child, three months for the second). Currently, mothers of children under three are deferred. Our plan also allows states to grant appropriate extensions to a very limited number of young mothers completing education programs.
  
- ▶ By the year 2000, we estimate that 2.4 million adults will be phased-in and subject to the new rules, including time limits and work requirements, and of these approximately 560,000 will be deferred under these criteria.

## Sanctions for Refusing a Job

### QUESTION:

What are the specific sanctions against people who refuse regular, unsubsidized jobs?

### ANSWER:

- ▶ To tell parents that they must support their families, we have substantially increased the penalty for failing to take an unsubsidized job. Both before and after the 2-year time limit, recipients refusing to accept unsubsidized jobs without good cause will lose family cash benefits for 6 months or until they accept unsubsidized jobs. For a typical family, the amount lost will be about \$400 per month.

Former recipients who have reached the time limit and who quit unsubsidized jobs without good cause will be ineligible for the WORK program for 3 months.

## Substance Abuse Among AFDC Recipients

### QUESTION:

Do you think the Administration's proposal addresses the problem of substance abuse by AFDC recipients sufficiently? Why are the Administration's estimates of substance abuse among AFDC recipients so much lower than those of Joseph Califano's Center on Addiction and Substance Abuse (CASA)?

### ANSWER:

- ▶ Our proposal recognizes that substance abuse is a significant barrier to self sufficiency for some AFDC families. Within our overall emphasis on state flexibility, states may require substance abuse treatment as part of an individual's employability plan. Depending on the severity of the problem, treatment might be included either as a supportive service, in conjunction with a primary activity like job training, or, if the problem is especially severe, the individual could be temporarily deferred from JOBS participation and required to get treatment. The state may impose JOBS sanctions for non-participation in treatment.
  
- ▶ Our estimates of substance abuse in the AFDC population focus on the question of impairment -- that is inability to participate in education or training -- while CASA's study measures drug use in the past year or heavy alcohol use twice in the past month. For the purposes of welfare reform, we believe our impairment analysis is the more applicable.
  - HHS estimates that 4.5% of the adults receiving AFDC have substance abuse problems that are severe enough that they are likely to preclude the individual's immediate participation in education or training activities.
  
  - HHS's analysis also estimates that an additional 10.5% of adults receiving AFDC have a moderate substance abuse impairment that would likely indicate a need for substance abuse treatment as a supportive service while the individual participates in the JOBS program.
  
  - CASA's estimates were that 28% of adults receiving AFDC (and 37% of young recipients) "abuse or are addicted to drugs and alcohol." One time or occasional use in the past year does not necessarily indicate addiction or functional impairment. Only a subset of the group CASA identifies are seriously impaired.

## Assuring Substance Abuse Treatment

### QUESTION:

How would the Administration assure that substance abuse treatment is available to AFDC recipients?

### ANSWER:

- ▶ Welfare recipients may be required to participate in substance abuse treatment as part of their employability plans. Substance abuse treatment may be provided under Medicaid and increasing numbers of states are finding it cost effective to do so. Through the Public Health Service we also provide funds to states for substance abuse treatment services. The President's budget requested additional funding for substance abuse treatment services this year.
- ▶ This is also a clear example of why health care reform and welfare reform are interlinked. It is through the health care system that substance abuse treatment is and should be provided. We proposed a substance abuse treatment benefit in the Health Security Act and are pleased that all major health care proposals being considered by the Congress (including both the Ways and Means and Finance Committees' bills) include such benefits.

## Where Are the Jobs?

### QUESTION:

The President's proposal assumes that jobs will be waiting for those who seek to leave welfare for work in the private sector. What evidence exists that is the case?

### ANSWER:

- ▶ Many AFDC recipients already leave welfare for unsubsidized employment. Currently, 70 percent of recipients leave welfare within two years and 90 percent leave within five years. Women leave to enter work in fully half of these cases. But child care dilemmas, health crises, or temporary unemployment now cause most women who leave welfare to eventually return.
- ▶ The child care and child support improvements in our plan, along with the Earned Income Tax Credit and health care, will eliminate the major obstacles to employment. Our plan provides a year of transitional child care for women moving from welfare to work, in addition to increasing child care for the working poor to bolster families just above the poverty line. The expanded EITC will lift millions of workers out of poverty by effectively making any minimum wage job pay \$6.00 an hour for a typical family with two children. And universal health care will allow people to leave welfare without worrying about coverage for their families.
- ▶ Positions will be available for women moving off welfare. The Bureau of Labor Statistics predicts faster job growth over the next 20 years, with employment increasing by more than 25 million jobs by the year 2005.<sup>1</sup> At least 10 of the 15 occupations expected to grow most quickly do not require advanced education.<sup>2</sup> Already, more than three million private sector jobs have been created during the first 16 months of the Clinton Administration. The unemployment rate continues to drop, and is currently at six percent.
- ▶ In addition, by the year 2000, we will be creating 400,000 subsidized jobs. These positions will be available for those who hit the time limit without finding unsubsidized employment.

**ANSWER:**

- ▶ Transitional education and training programs will prepare recipients for the workplace and increase long-term earnings potential. President Clinton's plan requires all teen parents to finish high school and all recipients to participate in training and work preparation through the JOBS program. This approach builds on successful state and local models. In California, for example, JOBS participants' earnings increased an average of 24 percent over the control group average after the second year--55 percent at one site.<sup>3</sup>
- ▶ Even a minimum-wage job is an important step toward self-sufficiency. As women gain job skills, work experience--and faith in themselves--they will progress to better-paying jobs and real financial stability.

1. The service-producing sector will grow most, with an estimated 25 million additional jobs. The need for home health aides will increase by 138 percent; for personal and home care aides, by 130 percent; for child care workers, by 55 percent; and for food preparation workers, by 43 percent. Moderate alternative projection, cited in George Silvestri, "The American Work Force, 1992-2005 Occupational Employment: Wide Variations in Growth," Monthly Labor Review, November 1993. Occupational Outlook Quarterly also supplies a list of growing job areas (fall 1991, p. 30).

2. Isabel Sawhill, Office of Management of Budget, quoted in Employment and Training Reporter April 20, 1994, p. 605.

3. Manpower Demonstration Research Corporation studies of GAIN/Riverside, quoted in Bane/Ellwood testimony.

## Impact of Termination on Children

### QUESTION:

What happens to the children if someone's benefits and/or public job are terminated?

### ANSWER:

- ▶ Families who play by the rules should not be penalized. Benefits will not be cut or jobs terminated without good cause. At the same time, some sanction provisions are necessary in order to reinforce the principles of work and responsibility.
- ▶ Even during sanctions, some benefits will continue in order to protect children. During JOBS sanctions, children will still receive cash benefits, and families will keep Food Stamps, housing assistance, and medical insurance. During WORK sanctions, families will keep Food Stamps, housing assistance and medical insurance.
- ▶ These additional benefits, case management, and monitoring of the family's situation should minimize the risk to children. Our plan continues to provide a safety net for children while providing real incentives for participation in JOBS and WORK.

## Two Years Too Rigid

### QUESTION:

Given the diversity of the AFDC caseload, isn't a two-year time limit too rigid? Since AFDC recipients vary tremendously in terms of their job skills, shouldn't the limit be one year for some and three years for others?

### ANSWER:

- ▶ A two year time limit tells those entering the welfare system that AFDC is a temporary support, yet remains sensitive to the fact that all recipients are not yet job ready. We believe that 2 years is enough time for most people to obtain the skills and training they need to find a job and become economically self-sufficient. In fact, 70% of welfare recipients already leave the rolls within 2 years, and many applicants are job ready.
- ▶ From the first day the new system will focus on making young mothers self-sufficient, and we expect many recipient to leave welfare for work well within the 2 years. Working with a caseworker, each woman will develop an employability plan identifying the education, training, and job placement services need to move into the workforce.
- ▶ Under the Administration's proposal, states will also have the flexibility to grant extensions to the time limit a limited number of certain recipients who need more time to complete the education and employment activities outlined in their employability plans.

## Two Years a Lifetime Limit

### QUESTION:

Is the two-year limit on cash assistance a lifetime limit?

### ANSWER:

- ▶ Yes, the 2-year limit is a lifetime limit for adults in the phased-in population. These adults would be ineligible for AFDC cash assistance and would be required to register in the WORK program.
- ▶ However, there is a cushion for individuals who leave AFDC with less than 6 months of eligibility remaining. In such cases a person could potentially "earn back" 1 month of AFDC eligibility for each 4 months off AFDC/WORK but could never have more than 6 months of eligibility at one time.
- ▶ A person who returns to public assistance without any months of eligibility would be required to register directly for the WORK program.

## Fraud and Abuse

### QUESTION:

What does the proposal do about welfare fraud?

### ANSWER:

- ▶ Our proposal will dramatically reduce the waste, fraud, and misuse in the welfare system. The plan coordinates programs, automates files and monitors recipients. States will have to verify the income, identity, alien status and Social Security numbers of new applicants. Anyone who refuses to follow the rules will face tough new sanctions, and anyone who turns down a job offer will be dropped from the rolls. Cheating the system will be promptly detected and swiftly punished.
- ▶ A national public assistance clearinghouse will use identification numbers to track people wherever and whenever they use welfare, and a "new hire" database will monitor recipients' earnings. This system is essential for a time-limited welfare system. It will also prevent people from collecting benefits in two jurisdictions simultaneously, claiming non-existent children, or escaping their responsibilities by moving. We anticipate that these provisions will lead to \$290 million in savings over the first five years.
- ▶ Our proposal will also prevent or deter much fraud and abuse before it occurs. For instance, people who currently have unreported jobs, but fraudulently receive cash assistance, will be discovered because JOBS and WORK requirements will keep them from their unreported employment. Facing increased likelihood of detection of fraud, others may decide not to come on to the rolls or, once on, to actively pursue self-sufficiency.

## Staff Training

### QUESTION:

How will state agency staff be trained to assume their new roles as case managers and coordinators of a wide range of services? How will this training be paid for?

### ANSWER:

- ▶ The Administration's plan demands greater responsibilities by the welfare office itself. Unfortunately, the current system too often focuses on simply sending out welfare checks. Instead, the welfare office must become a place that is fundamentally about helping people earn paychecks as quickly as possible.
- ▶ As we went around the country we were struck by the diversity of local welfare offices, economies and recipients. We were also struck by how states chose to get services to people. We decided against a one-size-fits all approach for training and retraining workers.
- ▶ As States move to change the "culture" of the welfare office, the Federal government will provide necessary technical assistance. Initially 2 percent of JOBS, WORK, and At-Risk Child Care funds will be reserved for national research, demonstrations, evaluation, and technical assistance efforts.
- ▶ Ultimately training for state and local staff will generally remain the responsibility of the State welfare agency. This jurisdiction is appropriate given the flexibility that States will have in designing their programs. But our plan offers several provisions to help agencies reduce paperwork and focus on results: 1) AFDC and Food Stamp regulations will conformed and simplified in order to reduce paperwork; 2) Funding incentives and penalties will be directly linked to the performance of states and caseworkers in service provisions, job placement and child support collection.

## Why Reform?

### QUESTION:

Why not simply fully fund the existing JOBS program and give it more time to work? Why not wait to learn more from waivers and demonstrations before making dramatic changes in the system that may not work?

### ANSWER:

- ▶ The Family Support Act of 1988 is the cornerstone of President Clinton's welfare reform proposal. It set in place expectations that absent parents must support their children, that welfare should be only a transitional preparation for self-sufficiency, and that training and support services are as vital as cash benefits. Important lessons from State welfare reform initiatives have also been incorporated into our proposal.
- ▶ However, the Family Support Act did not anticipate that state budgets would shrink--or that caseloads would expand so dramatically. In addition, the Family Support Act failed to change the culture of the welfare system. Today, most caseworkers still spend vastly more time processing forms and mailing checks than helping recipients gain the services and skills needed for self-sufficiency. And numerous exemptions diluted the message that welfare should be a transitional system leading to work.
- ▶ The President's welfare reform plan fixes the weaknesses of the Family Support Act while building on its success. While welfare reform is targeted at women born after 1971, the JOBS program will continue to move older women toward self-sufficiency. Our plan provides additional federal funding and higher federal match rates to ease state fiscal constraints and make sure that JOBS, child support, and prevention programs really work. Greater automation, simplified program rules, and streamlined administrative requirements will minimize resources spent on paperwork. Finally, we will change the culture of welfare. Time limits make clear the real mission is getting people into work. Agencies must clearly explain opportunities and obligations to recipients, move them immediately into employability-enhancing programs and services, and enforce--rather than undermine--the values of work and responsibility.

## Impact of Labor Market Conditions

### QUESTION:

To what extent are welfare reform efforts complicated by larger issues such as labor market conditions and trends?

### ANSWER:

- ▶ Historically, recessions have been accompanied by increases in the AFDC caseload, particularly in the AFDC-UP caseload. When fewer jobs are available, it is naturally more difficult for welfare recipients to leave AFDC through employment.
- ▶ Given the economy's current strong performance, we are not anticipating labor market conditions which would hamper the effort to help recipients move from welfare to work in most areas. The Bureau of Labor Statistics predicts faster job growth over the next 20 years, with employment increasing by more than 25 million jobs by the year 2005. At least 10 of the 15 occupations expected to grow most quickly do not require advanced education.
- ▶ In addition, the phase-in strategy responds to state needs for manageable initial caseloads. Our phase-in strategy will have almost 400,000 people participating in the WORK program by the year 2000 - up from just 15,000 now. Our discussions with states indicate that a work program of this size is both effective and feasible.
- ▶ The Administration's welfare reform proposal does address the possibility of future recessions. Our bill would augment Federal funding for JOBS, WORK and At-Risk Child Care in the event of a nationwide recession, and would enhance the Federal match rate for those programs during Statewide recessions.
- ▶ Access to health care coverage outside the AFDC program is as critical to the success of welfare reform as is the availability of jobs. Studies indicate that approximately one million persons are now on AFDC primarily to qualify for Medicaid. Passage of health reform legislation guaranteeing universal coverage would eliminate a labor market condition that represents a major obstacle to achieving self-sufficiency through work.

## Balance of Work and Parenting

### QUESTION:

What is the proper balance between work expectations and parenting responsibilities?

### ANSWER:

- ▶ Parenting responsibilities include not only the nurturing of children and providing them emotional support, but financially supporting them as well. Achieving the proper balance between these important responsibilities is a struggle confronting all families in today's society -- one parent and two parent families, poor families, wealthy families and middle-class too.
- ▶ The Administration's plan recognizes that both parents must support their children, and establishes the toughest child support enforcement program ever proposed. We will promote parental responsibility and ensure that both parents contribute to their children's well-being. Making child support a national priority will help lift single-parent families out of poverty.
- ▶ Moreover, our plan will give women the opportunities and services they need to be able to support their families without public assistance. Along with universal health care coverage and the Earned Income Tax Credit, welfare reform will help women find permanent employment and achieve financial security.
- ▶ To help single mothers balance their parenting and work responsibilities, we will also expand and improve the child care system. Our plan increases availability through additional funding for existing programs, coordinates rules across all child care programs, and encourages the development of safe and nurturing care environments.

## Definition of Success

### QUESTION:

How will success be defined in welfare reform?

### ANSWER:

- ▶ We ought to review success based on our three key principles; work, responsibility, and reaching the next generation. How many people are working or moving to work, how many are paying child support and have we deterred teen pregnancy.
- ▶ The President's plan calls for success to be measured by how well programs achieve the goals of the transitional support system -- helping recipients become self-sufficient, reducing dependency, and moving recipients into work -- and will provide positive and negative incentives for attaining these objectives.
- ▶ One objective of welfare reform is to transform the "culture" of the welfare system, from an institutional system whose primary mission is writing checks to ensure that poor children have a minimal level of economic resources to a system that focuses equal attention on the tasks of integrating adult caretakers into the economic and social mainstream of society.
- ▶ The system of assessing program performance based on these outcomes will be developed and implemented over time. Until the system is put in place, programs will be evaluated by their success in providing the services needed to convert welfare into a transitional support system -- primarily program participation rates.

## Family Sanctions

### QUESTION:

If a parent isn't willing to accept a job offer that the recipient feels is beyond their capacity or has no private health coverage, is the entire family sanctioned? What outcomes do you expect for children in this situation? Aren't they being punished or neglected due to the actions of their parents?

### ANSWER:

- ▶ Under the President's plan, recipients are required to accept all offers of employment except when "good cause" for refusing the job is established. Lack of health coverage does not, by itself, constitute good cause for turning down a job offer because we expect health reform to ensure that everyone has coverage and because health benefits can continue for one year after leaving welfare for work. That is why the prior enactment of universal health care coverage is such an important part of our welfare reform package.
- ▶ One aspect of the President's plan is that some benefits will continue -- even during sanctions -- to protect children. During JOBS sanctions children will still receive benefits and families will keep food stamps, housing assistance, and medicine insurance. During WORK sanctions, families will keep Food Stamp, housing assistance and medicinal insurance.

## Are The Time Limits Real

### QUESTION:

People will begin with two years of JOBS, then have the option of two one-year WORK assignments. If they can't find a job or still need public assistance they may move back into JOBS or even be deferred. So, are there really any time limits here?

### ANSWER:

- ▶ There are clear limits on the length of time an individual who is able to work can collect AFDC benefits without working. Individuals who are job-ready will be expected to engage in job search as soon as their applications for assistance are approved (or earlier, upon application, at State option). A person who is able to work will have a maximum of two years to obtain the education, training and/or job placement services needed to find an unsubsidized job, after which he or she will be required to take a job in the WORK program.
- ▶ Each individual who has completed two WORK assignments will be thoroughly assessed, to determine whether she is able to obtain a job outside the WORK program. Those found to be employable will be required to perform job search and, if that effort is unsuccessful, to take another WORK assignment. Persons found to be unable to work, e.g., due to a disability that was overlooked earlier or had developed since entry into the WORK program, would be deferred at that point. Individuals found to be in need of further education or training could be referred back to the JOBS program for a limited period, in the hope that such education/training would help them obtain unsubsidized employment, rather than remaining in the WORK program.

## Older Families

### QUESTION:

Why not put older welfare recipients or recipients with children in school or in Head Start to work immediately, since they are less likely to have children in need of child care?

### ANSWER:

- ▶ The President has decided on a phase-in strategy that initially focuses on the youngest third of the caseload - young, single mothers born after 1971. Research has shown that this group is most at risk for long-term welfare dependency; thus, they have the most to gain from the welfare reform package.
- ▶ Although the initial investment required may be somewhat larger for this group than for others, it is justified given that there will be a greater payoff in the long run. This approach also sends a strong message to young women that the welfare system has fundamentally changed and alters the incentives of welfare to show teenagers that having children is an immense responsibility rather than an easy route to independence. In addition, as time passes, the program will eventually serve older recipients, since those born after 1971 will always be subject to the time limit.
- By the year 2000, 2.4 million adults will be subject to the new rules including time limits and work requirements. States will also have the flexibility to phase-in reforms more quickly to cover a larger proportion of the caseload.

## Extensions of the Time Limit

### QUESTION:

You allow an extension of the time limit to individuals who need it to complete education and training programs. Surely two years for such programs is enough. Don't the extensions and exceptions throughout this proposal distort this welfare effort significantly, making it indistinguishable from the current system?

### ANSWER:

- ▶ One million people off welfare and working is highly distinguishable from the current system. We impose real time limits for the first time in history. This is drastic change indeed.
- ▶ A vast majority of recipients will receive the education, training, and employment services they need to become self-supporting within the two year period. Many will need even less than the two years. However, for those few individuals who need extra time to complete their program, the proposal does allow for a limited number of extensions. Unlike the current system, these extensions will be few in number and permitted only in specific circumstances. The number of extensions allowed will be capped, with financial penalties levied on States that exceed the cap. These restrictions make the time limit very real for a vast majority of recipients and represent a dramatic departure from the current system.

## Waiting Lists

### QUESTION:

Will there be any expectation of people on the waiting list? How long can a person wait on such a list before services and expectations are in place for them? Has anything really changed for these people?

### ANSWER:

- ▶ We have provided sufficient funds to create subsidized WORK assignments for recipients who we expect will need them. Thus, we anticipate very few cases in which there will be insufficient work assignments.
- ▶ If there is a shortage, States will be required to give preference for WORK assignments to persons just entering the WORK program, to prevent individuals who had just reached the two-year limit from spending an extended period on a waiting list. Persons in the WORK program will be required to perform job search at the conclusion of each WORK assignment. In addition, States will have the option of requiring individuals immediately upon entering the WORK program to engage in job search or other activities to prepare them for employment.
- ▶ States will be required to meet an extremely high participation standard (80 percent) with respect to people in the WORK program. The standard, and the associated penalties for falling short of the mark, will ensure that few, if any, individuals in the WORK program will simply be on a waiting list, doing nothing.

## State Responsibilities

### QUESTION:

What happens to a recipient who goes on the rolls, agrees to an employability plan and then is never provided the services she needs to get a job due to State inertia. What recourse does she have?

### ANSWER:

- ▶ The employability plan is an important part of the new JOBS program; it defines the specific responsibilities of the State and the recipient. If states fail to provide services in the employability plan they must grant extensions past the 2 year time limit to JOBS participants.
- ▶ The employability plan could be revised, as appropriate. Disagreements about revisions to the plan would be subject to the same dispute resolution as was the initial development of the plan.
- ▶ Our plan includes incentives for States to focus on results, Funding incentives and penalties will be directly linked to the performance of States and caseworkers in provision service job placement and child support collection.

## Coordination With Other Administration Initiatives

### QUESTION:

How does the welfare reform legislation fit into other Administration initiatives?

### ANSWER:

- ▶ We have worked closely with other departments to ensure that welfare reform fits closely with new and existing programs. Thus the JOBS and WORK programs would be integrated into the statewide one-stop career center system under the Reemployment Act. JOBS and JTPA will be integrated much more closely, and welfare reform will also be linked with School-to-Work and Head Start.
- ▶ At the same time, President Clinton recognizes that the social and economic forces influencing the poor run deeper than the welfare system. The Administration has undertaken many closely linked initiatives designed to spur economic growth, improve education, expand opportunity, restore public safety, and rebuild a sense of community. These include President Clinton's crime bill, which aids youth in disadvantaged neighborhoods and increases funding for community policing and violence prevention. His School-to-Work initiative facilitates teenagers' transition into the work force. His Head Start expansion and immunization program will help children while creating additional jobs. And empowerment zones and enterprise communities will aid regions by combining tax incentives with relevant social services and economic development programs. Welfare reform is an essential piece of a larger whole.
- ▶ The President's health reform plan is a critical ingredient of welfare reform. An estimated 1 million people are on welfare chiefly to qualify for Medicaid, the government's health care program for the poor. Universal health coverage would allow those people to enter the workplace without worrying about coverage for their families. Providing health security will reinforce work and help people move from dependence to independence.

## Time Limits and Returns to Welfare

### **QUESTION:**

Can someone who takes a job, but leaves it after 6 months return to AFDC?

### **ANSWER:**

- ▶ Individuals who have not exhausted 24 months of AFDC eligibility may reapply for AFDC. Normally, job search would be their first JOBS activity.
- ▶ Former recipients who have reached the two-year time limit and who quit unsubsidized jobs without good cause will be ineligible for the WORK program for three months.

## Protecting Children in Sanctioned Families

### QUESTION:

If the sanctions include termination of all AFDC benefits, who will ensure that the children are not harmed by this?

### ANSWER:

- ▶ We believe that families who play by the rules should not be penalized. Thus, benefits would not be terminated except for cause.
- ▶ Our proposal includes numerous provisions to ensure that families are aware of the rules and receive the information and assistance they need to accept and keep jobs. Through these provisions, we would minimize the potential number of sanction situations. For example, the proposal provides new opportunities for meetings between the family and State staff to discuss participation problems and negotiate plan revisions, a greater emphasis on case management, and more attention to orientations and discussions about mutual rights and responsibilities.
- ▶ Certain benefits--such as Food Stamps, housing assistance, and Medicaid--will remain available during whole-family sanctions for failure to accept an offer of unsubsidized employment. Further, we believe that strengthened case management and monitoring of the family's situation will minimize any potential risk to children resulting from reduced cash benefits. Ultimately, if as a result of these sanctions, children appear to be neglected, the State would have to assume responsibility for their protection through its child welfare system.
- ▶ But if parents refuse to work and provide support for their family without good cause, then we probably should ask questions about that family's situation. In that case the family should be referred to child protective services.

## Safety Net after AFDC

### QUESTION:

How will the plan deal with the elimination of the safety net of housing assistance, food stamps, etc, once a person has found private sector employment?

### ANSWER:

- ▶ The child care and child support provisions in our plan, along with the Earned Income Tax Credit and health care, will continue to support women moving from welfare to work. We will provide a year of transitional child care for women and increase child care for the working poor to bolster families above the poverty line. The expanded EITC will lift millions of workers out of poverty by effectively making any minimum wage job pay \$6.00 an hour for a typical family with two children. And universal health care will allow people to leave welfare without worrying about medical coverage for their families.
- ▶ Some families will still be eligible for food stamps, housing assistance, medical assistance (as medically needy families), and nutritional programs such as WIC. Working poor families are the primary beneficiaries of these programs.
- ▶ Food Stamp income and resource limits are generally much higher than AFDC (requiring gross monthly incomes below 130 percent of the federal poverty level.) Eligibility for housing assistance is dependent upon income, the percentage of income paid for rent, and availability. Medical assistance is available for children of families with income above the poverty level and may be available to all family members depending upon medical costs.

## Phase-in

- (1) **How many AFDC recipients are affected by the Administration's proposal? How many are not? Why is the effect so limited?**
- (2) **Why did the Administration choose this phase-in mechanism?**
- (3) **Will people who are not in the phased-in group have no expectations placed on them whatsoever?**
- (4) **Can states chose to cover people other than the phase-in group?**
- (5) **MDRC's newest findings show negative impacts under the New Chance demonstration for younger AFDC mothers and the positive impacts under the GAIN demonstration for older mothers. Don't these findings argue against the Administration's strategy of initially focusing the time-limited program on young mothers?**
- (6) **How long will take to phase-in all AFDC recipients?**
- (7) **Did you consider focusing on other groups such as those with the closest connections to the work force who would be most likely to make the successful transition off of welfare, at lower costs, and with fewer child care needs?**

Note: **Bold** indicates key questions

## Recipients Affected by the Proposal

### QUESTION:

How many AFDC recipients are affected by the Administration's proposal? How many are not? Why is the effect so limited?

### ANSWER:

- ▶ The President's phase-in strategy initially focuses on the youngest portion of the caseload -- young, single mothers born after 1971 who have the most to gain and the most at risk. This group will constitute one half of the caseload by the year 2000. This approach tells young women that the welfare system has fundamentally changed and alters the incentives of welfare to show teenagers that having children is an immense responsibility rather than an easy route to independence.
- ▶ In the year 2000, 2.4 million adults -- about half of the caseload -- will be subject to the new rules, including time limits and work requirements. Almost one million people will either be off welfare or working. 331,000 people who would have been on welfare will have left the welfare rolls. 222,000 parents will be working part-time in unsubsidized jobs. 394,000 people will be in subsidized jobs in the WORK program. That's up from 15,000 now. States can also choose to phase-in more recipients more quickly - with federal matching funds.
- ▶ Any workable plan is bound by the time needed to build state capacity. It would be very difficult for states to successfully implement the new program more quickly. Our phase-in strategy lets states start with a manageable caseload -- initially about one-third of all recipients - - and go farther with federal help if they wish. By the year 2004, two-thirds of all welfare recipients will be covered by the new rules.

## Phase-In Strategy

### QUESTION:

Why did the Administration choose this phase-in mechanism?

### ANSWER:

- ▶ President Clinton's welfare reform plan correctly targets initial resources to the youngest third of the caseload: young single women who are most at risk of long-term welfare dependency. This targeting of limited resources will send a strong message to teenagers that welfare as we know it has ended; most effectively change the culture of the welfare office to focus on work; and allow states to develop effective service capacity.
- ▶ Applying the reforms to young mothers first sends a clear and unambiguous message to adolescents: you should not become a parent until you are able to provide for and nurture your child. Every young person will know that welfare has changed forever.
- ▶ The phase-in strategy also responds to state needs for manageable initial caseloads. Our phase-in strategy will have almost 400,000 people participating in the WORK program by the year 2000 -- up from just 15,000 now. Our discussions with states indicate that a work program of this size is both effective and feasible. In contrast, the participation requirements in other proposals are totally unrealistic. Moving as swiftly as proposed in the Republican bill, for example, would create enormous administrative difficulties for states.
- ▶ Under our legislation, initial requirements will be manageable, and states will be given the option of moving more broadly and quickly -- with federal matching funds.

## Not Phased-In Group

### QUESTION:

Will individuals who are not in the phased-in group have no expectations placed on them whatsoever?

### ANSWER:

- ▶ Under the Administration's plan, States will have the flexibility to increase the size of the JOBS-mandatory group and subject these individuals to the time limit. For instance, a State could decide that the JOBS-mandatory group should consist of individuals born after 1968 rather than 1971.
- ▶ Of course, recipients outside the phase-in group will still be subject to the education and training requirements in the Family Support Act under existing rules.

The JOBS caps have been set at levels that will enable states to serve these volunteers.

- ▶ If members of the non-phased in group are working or participating in a "JOBS-like" education or training activity that is approvable under the JOBS state plan, they will receive subsidized child care under the IV-A child care guarantee. Our cost estimates assume that volunteers and working AFDC recipients will receive IV-A child care subsidies.

Of course, AFDC recipients in the non phased-in group will continue to be required to participate in JOBS under current rules (i.e. once their children reach age three.)

## Broader Phase-In Group

### QUESTION:

Can States choose to cover people other than the phase-in group?

### ANSWER:

- ▶ Our legislation requires states to phase in reform with recipients born after 1971. This implementation strategy limits the initial mandatory caseload to about one-third of the total in 1996, helping cash-strapped states enact meaningful WORK programs with time limits that can really be enforced. By the year 2000, this phase-in strategy will move half of all AFDC recipients into the new system. And by the year 2004, two-thirds will be subject to the new rules.
- ▶ However, states will have the option to define the phased-in group more broadly, applying time limits and other new rules to a larger percentage of the caseload. In addition, states will be required to serve volunteers from the non-phased-in group to the extent that federal JOBS funds are available. At state option, these volunteers may also be subjected to the two-year time limit in exchange for access to services. We believe that this approach creates a realistic partnership with the states, and sets up a meaningful approach to real welfare reform.
- ▶ And of course, recipients not in the phased-in group will still be subject to the education and training requirements in the Family Support Act under existing rules.

## New Chance and Administration Strategy

### QUESTION:

MDRC's newest findings show negative impacts under the New Chance demonstration for younger AFDC mothers and positive impacts under the GAIN demonstration for older mothers. Don't these findings argue against the Administration's strategy of initially focusing the time-limited program on young mothers?

### ANSWER:

- ▶ We believe that President Clinton's welfare reform plan correctly targets initial resources to the youngest third of the caseload: young single women with the most at risk and the most to gain. Research has shown that this group is most at risk for long-term welfare dependency; making them self-sufficient is essential if we are to truly end welfare as we know it. Although the initial investment required may be somewhat larger for this group than for older mothers, it is justified by the greater long-term payoff.
- ▶ Applying the reforms to young mothers first sends a clear and unambiguous message to adolescents: you should not become a parent until you are able to provide for and nurture your child. Every young person will know that welfare has changed forever, and that having children is an immense responsibility rather than an easy route to independence.
- ▶ New Chance's findings do not speak directly to the Administration's proposed phase-in strategy.
  - MDRC's New Chance demonstration targeted a narrower and more disadvantaged subset of the AFDC population than the group initially phased in under the Administration's welfare reform plan. New Chance participants were very disadvantaged young parents - - the average age of participants was 19 -- who had children as teenagers and dropped out of school.
  - Moreover, the Administration's welfare reform design is significantly different from the New Chance demonstration. The Administration's proposal makes JOBS participation mandatory, focuses on employment, and enforces time limits. In contrast, teen participants in New Chance were volunteers, focused initially on basic skills and education, and faced time limits. Indeed, most recent evidence suggests

that a combination of incentives, including sanctions and mandatory participation as well as services are effective in reaching young people.

- Ohio's LEAP program also drastically increased graduation among young welfare recipients with a combination of mandatory participation, strong incentives with sanctions for non-participation, and services. Indeed most recent evidence suggests that a corroboration of strong incentives, including sanctions and mandatory participation, as well as, services are effective in reaching young people.
- More positive results for teenage parents were achieved in the mandatory Teen Parent Demonstration (TPD) conducted in New Jersey and Illinois. TPD was mandatory and had clear sanctions for non-participation. Participation in the TPD, averaging 18 years of age, achieved a 20 percent increase in earnings and a 7 percent decrease in AFDC use over a two-year follow-up period. This was slightly larger than what GAIN achieved over a two-year period (20 percent and six percent).<sup>1</sup>
- The SWIM demonstration, a mandatory welfare to work program operating in San Diego during the late 1980's, provides further evidence that mandatory programs can positively impact young parents. Overall, SWIM achieved an 11 percent reduction in AFDC use over a five-year period. Furthermore, SWIM was more effective in helping young people under age 25 get off welfare than it was for the rest of the caseload.
- Some GAIN findings are very encouraging and support the Administration's JOBS-based welfare approach (GAIN is the California JOBS program). The particularly effective Riverside program shows a program clearly focusing on work can significantly increase employment and reduce welfare use for broad segments of the AFDC population. The differential impact of GAIN on older and younger parents has not yet been determined.
- In a time-limited system, the consequences for institutional or individual failure are more compelling; time limits should improve both the performance and outcomes of programs. Moreover, the impacts of these programs may be more dramatic as work becomes a more rational alternative for mothers on welfare through the enactment of the expanded EITC, universal health insurance, tougher child support enforcement and additional funding for child care.

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<sup>1</sup>Furthermore, TPD achieved consistent results across all three sites (Chicago, Trenton and Newark), whereas the GAIN results vary enormously across the counties studied.

## How Long to Phase in Recipients

### QUESTION:

How long will it take to phase in all AFDC recipients?

### ANSWER:

- ▶ Even using relatively conservative assumptions, by the year 2000, over half (50.2%) of adult AFDC cases will have been phased in. By the year 2005, nearly three-fourths (72%) will be in the program.
- ▶ Our phase-in approach will send a strong message to teenagers that welfare as we know it has ended; most effectively change the culture of the welfare office to focus on work; and allow states to develop effective service capacity. Under our legislation, initial mandates will be manageable, and states will be given the option of moving more broadly and quickly -- with federal matching funds.

## Recipients With More Work Experience

### QUESTION:

Did you consider focusing on other groups such as those with the closest connections to the work force who would be most likely to make the successful transition off of welfare, at lower costs, and with fewer child care needs?

### ANSWER:

- ▶ The problem with this type of strategy is that it does not target scarce resources on those who are most likely to benefit from them. Research has shown that those who are most job ready are least likely to benefit from the services provided in welfare-to-work programs. Rather they are likely to find jobs or necessary training programs on their own without this type of assistance.
- ▶ Individuals who are at risk at becoming long-term recipients have the most to gain from the education, training, and support services offered. Without the program, many would be unlikely to seek out services they need to become employable on their own. In addition, because this group is more likely to stay on welfare for long periods, the government has the most to gain (in terms of overall reductions in welfare payments) from reducing dependency for this group rather than for the job ready who generally use welfare for short, temporary periods.

**State Implementation/Flexibility**

- (1) **How much State flexibility is there in the plan? Can states still submit requests for waivers?**
- (2) **What will happen to states with waivers in place, particularly waivers that provide special services to AFDC recipients other than those in the phase-in group? What will happen to states that implemented time units under a Section 1115 waiver.**
- (3) **Will states be able draw down the money made available for JOBS/WORK, since some have been unable to under the 1988 Family Support Act?**
- (4) **What will be the incentives/matching rates for states?**
- (5) **Is there a difference between rural poverty and urban poverty and will welfare reform take those differences into consideration (for transportation, child care, etc.)?**
- (6) **Are the states ready for welfare reform? Will they be able to implement welfare reform, including changes in AFDC, JOBS, and child support enforcement? If not immediately then when?**
- (7) **With the new income disregards in AFDC, what will be the highest actual income a person could earn and still receive benefits? Will this be different across States?**
- (8) **How will this plan affect people in the territories?**
- (9) **How will the performance of states be assessed to determine the degree to which states have adequately served participants in the JOBS and WORK programs?**
- (10) **The Family Support Act proposed to develop performance standards but they were never implemented. Why will the performance standards of the Administration's bill be any more successful?**

**Note: Bold indicates key questions**

## State Flexibility

### QUESTION:

How much state flexibility is there in the plan? Can states still submit requests for waivers?

### ANSWER:

- ▶ Innovative state experiments have provided a blue-print for national welfare reform -- our approach builds upon the states' success and allows them to retain their current flexibility. The Administration's plan increases state options, recognizing that states are the "laboratories of democracy" and that certain problems demand local flexibility. Communities will be encouraged to tailor their WORK programs to local labor market needs and circumstances.
- ▶ The plan will also provide state options to:
  - Eliminate discrimination against poor two-parent families in the welfare system;
  - Use monetary incentives as well as sanctions to keep teen parents in school or GED classes;
  - Deny increased benefits to women who have additional children while on welfare;
  - Develop mandatory work programs for noncustodial parents;
  - Grant a limited number of extensions to women in work-study programs or other activities necessary to prepare for work and;
  - Set higher earnings disregards for recipients.
- ▶ Demonstrations and pilot programs will allow states to fine-tune the reformed welfare system. We provide demonstration grants for innovative paternity and parenting initiatives, work for wage programs outside the AFDC system, different work support strategies and child enforcement and assurance programs. States may also continue to submit requests for waivers.

## Waivers

### QUESTION:

What will happen to states with waivers in place, particularly waivers that provide special services to AFDC recipients outside the phase-in group? What will happen to states that implemented time limits under a section 1115 waiver?

### ANSWER:

- ▶ Some states may want to reconsider their demonstrations in the light of new program requirements, funding, and state options. They will be able to do so by submitting new or revised waiver requests.
- ▶ The Administration is committed to working with states that want to continue their waiver demonstrations to ensure that they can, consistent with the objectives of the Social Security Act and the requirements of the new legislation.
- ▶ In addition, our plan includes, as State options, many of the innovative demonstration projects that States have sponsored in recent years. For example, our plan allows states to remove special eligibility requirements for two-parent families, and develop mandatory work programs for non-custodial parents.

### IF PRESSED:

- ▶ States that have implemented time limits under waiver may require special attention. The new time limit provisions are not covered under the general section 1115 waiver authority (i.e., they are not contained in section 402 of the Act), and the proposal will permit only a limited number of demonstrations of alternative time-limit rules.

## State Funds

### QUESTION:

Will states draw down the money we make available for JOBS/WORK, since they were often unable to under the 1988 Family Support Act?

### ANSWER:

- ▶ Drafters of the Family Support Act did not anticipate that state budgets would shrink--or that caseloads would expand so dramatically. Over the last few years, state budget shortfalls have meant cuts in public aid staff and reduced state funds available for drawing down JOBS and other federal money. In 1992, states drew down only 69 percent of the \$1 billion available from the federal government. At the same time, both child support and AFDC caseloads have grown rapidly. The number of AFDC recipients, for example, increased 33 percent between July 1989 and July 1993.
- ▶ Our plan provides \$2 billion of additional federal funding and raises federal match rates for both program and administrative costs to ease state fiscal constraints. The federal match will increase further in states with high unemployment. This means that states will receive considerably more federal money without having to spend more themselves -- more money to hire and train additional staff, to implement innovative demonstrations, and to serve a larger number of people.
- ▶ Also included in our plan is a provision requiring states to maintain their FY 1994 levels of spending. We have also created a Secretary's fund which will take unspent JOBS/WORK dollars and reallocate them to states who have spent their allocation.

## State Matching Rates

### QUESTION:

What will be the incentives/matching rates for States?

### ANSWER:

- ▶ Many states have experienced budgetary difficulties that were not anticipated at the time the Family Support Act was enacted. Consequently, these states have been unable to draw down their full allocation of Federal JOBS funds because they have been unable to provide the required state match. Under our plan, JOBS, WORK, and all Title IV-A child care programs would have the same federal match rate (for each state). To assist states in drawing down their full allotment, the Federal match rate will be increased by five percentage points in 1996, rising to a level ten percentage points over the current JOBS match rate by the year 2000, with a minimum federal match of 70 percent.
  
- ▶ To ensure that welfare offices operate the program as intended, a new performance system will reward or penalize State performance through adjustments to the federal payments to states for AFDC and JOBS expenditures. Financial incentives will similarly encourage States to exceed target participation rates in JOBS. During periods of high state unemployment, the state match rate for JOBS, WORK, and At-risk Child Care would be reduced by 10 percent (not 10 percentage points).

## Rural and Urban

### QUESTION:

Is there a difference between rural poverty and urban poverty and will welfare reform take those differences into consideration (for transportation, child care, etc.)?

### ANSWER:

- ▶ Yes, and our plan gives states and localities the flexibility they need to design programs suited to the characteristics of their residents. We have put in place mechanisms to help States draw down their full allotment of Federal funds so that they can have more resources for their JOBS programs.

## State Implementation

### QUESTION:

Are the states ready for welfare reform? Will they be able to implement welfare reform, including changes in AFDC, JOBS, and child support enforcement? If not immediately, then when?

### ANSWER:

- ▶ The Administration's proposal gives states adequate time to implement welfare reform, and uses funding incentives to ensure that they do so on schedule. But welfare reform will not mean additional unfunded state mandates. We will increase federal funding for JOBS, pregnancy prevention, child care, and child support enforcement. We will provide new funding for WORK programs. And we will raise federal matching rates to make money more available. Finally, we set aside technical assistance funds to help states implement reform.
- ▶ Our phase in strategy responds to state needs for manageable initial caseloads. Our discussions with states indicate that a work program of this proposed size is both effective and feasible. In contrast, the participation requirements in other proposals are totally unrealistic. Moving as swiftly as proposed in the Republican bill, for example, would create enormous administrative difficulties for states.

## Earnings by AFDC Recipients

### QUESTION A:

With the new income disregards in AFDC, what will be the highest actual income a person could earn and still receive benefits? Will this be different across States?

### ANSWER:

- ▶ The highest actual income a person could earn and still receive benefits under our plan will vary by State. As under current AFDC rules, States will set their own need and payment standards. At a minimum, States must disregard \$120 per month, in work expense from recipients earnings. Direct provision of child care and certain child care costs will also be disregarded.
- ▶ Our plan allows States to further reinforce work by setting higher earned income disregards. States who do not pay benefits at the full level of need may also permit earned income to "fill the gap" between the payment and the need standard, without affecting eligibility.
- ▶ Just as in the current AFDC program, we would expect substantial differences in the levels of benefits and computation of benefits across states under our proposal. However, research suggests that higher benefits have little impact on attracting recipients from one State into another (the so-called "magnet theory"). Poor families, like other families, make decisions on where to live based a wide variety of lifestyle factors, including, associations with family and friends, availability of employment and affordable housing, schools, safety, and transportation.

## Territories

### QUESTION:

How will this plan affect people in the territories?

### ANSWER:

- ▶ The lives of families in the territories should be improved significantly under our plan.
- ▶ The territories operate AFDC, Aid to the Aged, Blind, and Disabled, JOBS, child care, and Foster Care programs under the same eligibility and payment requirements as the States. However, funding for these programs is capped for the territories. Benefit payments above the cap are financed 100 percent by the territories. The number of public assistance programs funded under the current caps, coupled with only one adjustment to these caps in 15 years, has seriously limited the territories' abilities to provide, let alone increase, benefits. Further, beginning October, 1994, Puerto Rico will be required to extend eligibility to two-parent families.
- ▶ This proposal will continue to give territories the authority to operate public assistance programs and adequate means to do so. We will increase the current caps by 25 percent to create realistic funding levels for the territories that are reflective of the current economy and caseload. We will also index the caps to link funding to economic conditions. At-Risk Child Care expenditures will be removed from the cap to enable the territories to better meet their expanded child care needs. Requirements to operate AFDC-UP programs in the territories will be eliminated. In addition, territories will be permitted, but not required, to implement a two-year time limit and the WORK program.
- ▶ Funding for JOBS and the capped entitlement portion of WORK funding will not be part of the section 1108 cap that generally applies to title IV-A expenditures in the Territories.
- ▶ Furthermore, while participation rates and performance standards will apply to the programs in the Territories, the Secretary may modify them to accommodate special circumstances.

## Performance Measures and Standards

### QUESTION:

How will the performance of States be assessed to determine the degree to which States have adequately served participants in the JOBS and WORK programs?

### ANSWER:

- ▶ One of the most important goals of welfare reform has been to change the culture of welfare. For States, this means expanding the mission of the welfare system from providing economic resources to poor children to helping their parents and caretakers enter the economic mainstream and attain economic independence. This cannot be done unless States adequately serve all recipients in the JOBS and WORK program.
- ▶ There are a number of provisions specifying what recourse recipients would have in the event that adequate services are not provided. For example, recipients would be eligible for an extension to complete activities and services which were not adequately provided.
- ▶ The Administration's proposal contains rigorous standards regarding the levels of participation in the JOBS and WORK program which would ensure that States are at least providing JOBS and WORK services to families on assistance.
- ▶ While it is important to ensure that States meet their obligations, to require specific activities that focus on process rather than outcomes and that hamper State flexibility may be counter-productive. We have incorporated provisions for the implementation of an outcome-based performance measurement system.
- ▶ The performance measurement system would assess State performance according to how well clients have fared in addition to how well clients have been served. Financial incentives and penalties would be tied in to a State's performance, thereby creating incentives for States to direct their focus into meeting the overall objectives of the program.

- ▶ In order to ensure that such a system is feasible and reflects true outcomes, the plan provides for initial measurements of possible factors prior to the implementation of standards with rewards and penalties associated with those standards. All interested parties, including recipients, would have input in the identification of the factors to be measured and the level at which standards should be set for those measures. Finally, the Secretary would have the flexibility to modify the system to accommodate changing needs of the entire program.

## Performance Standards

### QUESTION:

The Family Support Act proposed to develop performance standards but they were never implemented. Why will the performance standards of the Administration's bill be any more successful?

### ANSWER:

- ▶ The Family Support Act did not specify a workable process for the Department and States to develop measures of performance which could then be validated and compared against mutually agreed upon standards.
- ▶ The Administration's proposal will create an outcome-based performance measurement system that directly links funding incentives and penalties to the performance of States and caseworkers in service provision, job placement, and child support collection.
- ▶ The process for developing the system will include all relevant parties: Federal agencies, States, localities, interested parties, etc.
- ▶ While the complete outcome-based, performance measurement system is being developed, we propose to hold States to service delivery standards that focus on participation rates in JOBS and WORK, extensions of the time-limit, and accuracy of the time-clock.
- ▶ The focus of the existing quality control system will be expanded from payment accuracy to accommodate these improvements. It will assess the accuracy of State data, of the time-clock, and of the proportion of cases with extensions and it will determine participation rates and other measures of performance as specified by the Secretary.

## **Cost/Financing**

- (1) **How much does this program cost? Why is it more expensive to get people off welfare than to keep them on the existing AFDC program?**
- (2) **How will this reform proposal be paid for?**
- (3) **Why are you financing welfare reform on the backs of immigrants and the homeless?**
- (4) **How much of the burden of financing this bill is going to fall on legal immigrants?**
- (5) **What are the provisions, if any, affecting needy aliens?**
- (6) **Does the Administration's financing package shift cost to the states ?**
- (7) **Do illegal aliens receive any federal benefits?**
- (8) **How many legal aliens receive public assistance benefits?**
- (9) **How is the citizenship status of AFDC applicants verified?**
- (10) **What changes does the President's welfare reform bill make to alien eligibility for federal assistance programs?**

**Note: Bold indicates key questions**

**What Will be the Cost of the Work  
and  
Responsibility Act of 1994?**

**QUESTION:**

How much will this program cost? Why is it more expensive to get people off welfare than to keep them on the existing Aid to Families with Dependent Children (AFDC) program?

**ANSWER:**

- ▶ All of the major welfare reform proposals before the Congress -- including the main Republican alternatives -- carry significant short term costs. The Administration's welfare reform proposal is estimated to cost \$9.3 billion over 5 years, less, in fact, than the Republican alternative. However, these costs are fully offset through reductions in existing entitlement programs, extensions of expiring provisions, and EITC enforcement measures. Therefore, the proposal will not increase the federal budget deficit.
- ▶ Getting people off welfare is initially costly because it involves investing in people--by providing education and training--instead of just writing welfare checks. The Work and Responsibility Act supports expanded education and training, work opportunities, child care, child support enforcement, and teen pregnancy prevention efforts. While these investments may cost money in the short-term, they will pay tremendous dividends over the long term by of reducing welfare dependency and helping low-income families achieve self-sufficiency.
- ▶ The "opportunity" that these services provide is balanced by the individual "responsibility" that we demand. We set up a compact between welfare recipients and the government, program recipients will be given support and assistance in finding jobs. In exchange, cash assistance will be time-limited, and recipients will be asked to take greater responsibility for their families and to make a contribution to their communities.
- ▶ The goal of welfare reform is to break the current cycle in which women return to welfare repeatedly because they lack the skills needed for self-sufficiency. Our reform will also strengthen families; to insist that parents -- both mothers and fathers -- take responsibility for their children; and send a message to our young people that they must stay in school and not have children until they are able to support them.

## How Will the Cost of This Reform be Paid

### QUESTION:

How will this reform proposal be paid for?

### ANSWER:

- ▶ The \$9.3 billion in program cost is fully offset by reductions in existing entitlement programs, extensions of expiring provisions, and EITC enforcement measures. The bill does not raise taxes or increase the deficit.
- ▶ The 5-year savings are derived from the following sources:
  - \$1.6 billion: Cap on the Emergency Assistance program -- We will set a cap on this program in 1995 and provide inflation adjustments in future years. Spending in this program has grown tremendously in recent years, from \$189 million in 1990 to a projected \$1 billion by 1999. Initially designed to help states respond to the acute needs of disadvantaged populations, the Emergency Assistance program is increasingly used by states to fund services that were previously paid for with state funds. As a result, program costs have skyrocketed in recent years, but few new services have been provided to the poor.
  - \$3.7 billion: Tighten sponsorship and eligibility rules for non-citizens -- The number of non-citizens who are SSI aged recipients has risen dramatically, from 5 percent of the caseload in 1982 to 28 percent in 1993.
  - Current law provides for a "deeming" period, during which the sponsor's income is considered to determine an immigrant's eligibility for benefits. In 1993, Congress extended the SSI "deeming" period from three to five years. Our proposal makes this five-year "deeming" period permanent law for SSI, AFDC, and Food Stamps. Immigrants who are sponsored by equally poor sponsors will be eligible for benefits, but those whose sponsors earn above the U.S. median family income (\$39,500) will not be eligible until they become citizens themselves. The proposal also sets consistent standards of eligibility under AFDC, Medicaid, and SSI for immigrants who are not permanent residents.

- \$0.8 billion: New rules regarding SSI benefits for drug and alcohol addicted recipients -- New sanctions and a time limit (generally, 36 months) on benefits will be imposed for recipients who receive benefits based on a substance abuse problem. This issue already is included in the Social Security Independent Agency bill (H.R. 4277) that Congress is debating. We anticipate savings of \$800 million from the provision.
- \$0.5 billion: Income-test meal reimbursements to family day care homes -- The proposal better targets meals provided in family day care homes to ensure that they go to low-income recipients. Currently, it is estimated that over 70 percent of the subsidies for such meals benefit children from families with incomes above 185 percent of poverty. While assuring that the funds support those children who are most in need, we would to minimize the administrative burden on family day care homes. Homes that are located in low-income areas would continue to receive a higher subsidy while all other homes would have a choice. They could elect to be simply means tested or to receive a reduced rate subsidy.
- \$0.5 billion: Limit deficiency payments to higher income farmers -- Farmers with non-farm adjusted gross income of \$100,000 or more would not be eligible for Commodity Credit Corporation subsidies. The proposal would target these payments more efficiently, assuring that they are provided to smaller, family farms. The Congressional Office of Technology Assessment has concluded that most big farms "do not need direct government payments and/or subsidies".
- \$1.6 billion: Extend Expiring Corporate Environmental Income Tax Used to Finance Superfund -- The Superfund Tax would be extended and a portion would be used through 1998 to help offset the cost of welfare reform. This use of the funds would not affect Superfund hazardous waste cleanup because it already is covered under the discretionary spending caps.
- \$0.1 billion: Hold constant a portion of Food Stamp overpayment recoveries for states -- Extend the limits on the proportion of collections that states may retain from Food Stamps overpayments. Although Food Stamps is a totally federally financed program, States are allowed to retain a portion of overpayments as an incentive to increase such collections. Our proposal would extend the 1990 Farm Bill provision to 2004, allowing States to keep 25 percent (previously 50 percent) of the collections from intentional violations and 10 percent (previously 25 percent) from other collections.

- \$0.1 billion: Deny EITC to non-resident aliens --  
Non-resident aliens are not required to report their non-U.S. income. Therefore, it is not possible to tell whether such persons are eligible for these payments based on total income. The proposal would eliminate such payments for non-resident aliens. It is estimated that about 50,000 people, mostly visiting foreign students and professors, will be affected.
- \$0.4 billion: User fees and other savings provisions  
-- Certain customs service user fees currently due to expire at the end of 2003 would be extended through 2004. These fees include charges for commercial and non-commercial merchandise entering and leaving U.S. warehouses; passenger processing; commercial truck arrivals; railroad car arrivals; and private aircraft entries. We would permanently extend railroad safety inspection fees that are currently scheduled to expire at the end of 1999. While welfare reform would extend the EITC to military families, it also would require such families to report nontaxable earned income, enhancing compliance with EITC rules.

## Why is Welfare Reform Being Financed Through Reductions in Funding for Immigrants and the Homeless

### QUESTION:

Why are you financing welfare reform on the backs of immigrants and the homeless?

### ANSWER:

- ▶ President Clinton's welfare reform plan addresses immigration issues through the values of family and responsibility central to the rest of his approach. The plan requires those who legally sponsor an immigrant -- usually family members -- to make a real commitment to that immigrant's financial well-being. Our plan, unlike the Republican bills, does not end all Federal assistance to non-citizens. Our plan saves money by cutting benefits to people who have other means of support, but it does not fund welfare reform by abandoning truly needy people who reside here legally, pay taxes, and deserve reciprocal support.
- ▶ This approach builds on what Congress has already done. In the fall of 1993, Congress extended the period of sponsor responsibility under SSI from three to five years. Our proposal makes that decision permanent law, and similarly extends the deeming period under AFDC and Food Stamps. In addition, sponsors who earn more than the U.S. median family income (\$39,500) will continue to be responsible after the five year period and until the immigrant becomes a citizen.
- ▶ In the past, many elderly immigrants who were not in true need nonetheless received SSI benefits. About one-third of the immigrants currently on SSI (and subject to the deeming rules) applied for benefits in their fourth year of residency -- as soon as the deeming period ended -- even though their sponsors were often financially able to support them.
- ▶ Deeming does not deny assistance to legal immigrants whose sponsors are poor. Our proposal ensures that truly needy immigrants will not be denied benefits if they become blind or disabled, or if their sponsors suffer financial reverses or die. Refugees and asylees will also continue to be eligible for benefits.
- ▶ We have sought to cap the AFDC Emergency Assistance program, which States have gradually used to finance a range of programs unrelated to emergency needs. But this proposal does not cut EA funds and does not preclude use of these funds for services to homeless individuals--it simply encourages States to target these funds for true emergency services and needs.

## What Portion of the Welfare Reform Financing Will be Paid by Legal Aliens

### QUESTION:

How much of the burden of financing this bill is going to fall on legal immigrants?

### ANSWER:

- ▶ Approximately \$3.8 billion of the \$9.3 billion cost of welfare reform will derive from changes in public assistance for legal aliens. By contrast, other proposals before the Congress are fully paid for by eliminating all Federal assistance to non-citizens.
- ▶ The reductions ensure that persons who sponsor immigrants to this country live up to the commitments that they make at the time of sponsorship.
- ▶ At the same time, the proposal assures that assistance is made available to those most in need. For example, beyond the five-year deeming period, only those aliens who have sponsors with incomes above the U.S. median or approximately \$39,500, would be ineligible for benefits. Needy immigrants will not be denied benefits if they become blind or disabled, or if their sponsor suffer financial reverses or die. Refugees and asylees will also continue to be eligible for benefits.
- ▶ In addition, the proposal denies EITC benefits to foreign students and professors, many of whom have substantial income from sources outside the U.S.

## Welfare Reform Changes: Needy Aliens

### QUESTION:

What are the provisions, if any, affecting needy aliens?

### ANSWER:

Only one provision changes alien eligibility criteria by creating a uniform definition of eligibility for the SSI, AFDC, and Medicaid programs.

- ▶ Under this provision, aliens who have either entered illegally or have overstayed their temporary visas, and have been found deportable by the Immigration and Naturalization Service (INS), are no longer eligible for benefits under the three programs.
- ▶ This change is estimated to save a total of \$890 million by FY 1999 (i.e., over five years), and affects 35,000 recipients, under the three programs.<sup>1</sup>
- ▶ The provision will be implemented "prospectively", affecting only new applicants to the benefit programs; aliens already receiving benefits would not be affected as long as they remained continuously eligible for benefits.
- ▶ (NOTE: For categories of immigrants affected by this proposal, see the attached chart "Comparison of Provisions On Alien Eligibility.")

### Background:

It can be argued that the other provision extending and modifying current sponsor deeming rules does not affect needy aliens since:

- ▶ Under deeming, if a sponsor's income and resources are depleted sufficiently, the sponsored alien may be eligible for benefits; and
- ▶ If the sponsor's income is not depleted sufficiently, we will expect the sponsor to continue providing for the immigrant in conformance with the pledge the sponsor has signed as a condition of allowing the immigrant to enter the U.S.

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<sup>1</sup>OMB has informed us that if Health Care Reform legislation is passed prior to Welfare Reform, and the Health Care legislation results in only cash benefit recipients (AFDC and SSI) being eligible for Medicaid, then the estimates provided above may be reduced since we could no longer claim savings for non-cash eligible aliens.

# COMPARISON OF PROVISIONS ON ALIEN ELIGIBILITY

IMMIGRATION CATEGORIES	CURRENT LAW		PROPOSED LAW	
	SSI/Medicaid	AFDC	Administration <sup>1</sup>	HR 3500/ Mainstream Forum
Lawful Permanent Resident (LPR)	Yes	Yes	Yes <sup>2</sup>	No (with exceptions) <sup>3</sup>
IRCA Alien (LTR, 245A, and 210)	Yes	Yes <sup>4</sup>	Yes	No
Refugees	Yes	Yes	Yes	Yes <sup>5</sup>
Conditional Entrant Refugees	Yes	Yes	Yes	No
Asylee	Yes	Yes	Yes	No
Parolee	Yes	Yes <sup>6</sup>	No <sup>7</sup>	No
Relative Petition Approved	Yes <sup>8</sup>	Yes	Yes	No
Extended Voluntary Departure As Member of Nationality Group	Yes <sup>9</sup>	No	No	No
Temporary Protected Status	No	No	No	No
Deportation Withheld	Yes <sup>4</sup>	Yes	Yes	No
Indefinite Stay of Deportation	Yes	Yes	No <sup>7</sup>	No
Stay of Deportation	Yes <sup>8</sup>	Yes <sup>7</sup>	No <sup>7</sup>	No
Order of Supervision	Yes	Yes	No <sup>7</sup>	No
Deferred Action Status	Yes	Yes	No <sup>7</sup>	No
Suspension of Deportation	Yes <sup>8</sup>	Yes	Yes	No
Voluntary Departure Status	Yes <sup>8</sup>	No	No <sup>7</sup>	No
Indefinite Voluntary Departure	Yes	Yes	No	No
Continuously Resided Since 1/1/72	Yes	Yes	No	No
Application Filed Status Adjustment	Yes <sup>8</sup>	No	No	No
Others Whose Departure INS Does Not Contemplate Enforcing	Yes	No	No	No
Applicant For Asylum	Yes <sup>8</sup>	No <sup>10</sup>	No	No
Family Unity Protected Status	Yes <sup>8</sup>	No	No <sup>7</sup>	No
Nonimmigrant	No	No	No	No

1. Administration proposals would alter sponsor deeming requirements, and establish a uniform definition of alien eligibility for the AFDC, SSI, and Medicaid programs.
2. Sponsored LPRs would be subject to deeming/modified deeming for longer period of time.
3. Exceptions are: If LPR is over age 75 and has resided continuously in the U.S. for 5 years; and, for a period of six years after entry, LPRs who were admitted as refugees.
4. After 5 year period following adjustment of status, which is now over for virtually all IRCA aliens.
5. For up to 6 years after date of arrival.
6. Sponsored parolees are subject to sponsor deeming under AFDC for 3 years; but not under SSI.
7. A limited number of aliens in this category may be eligible for benefits if (1) the Attorney General determines that their continued presence in the U.S. serves a humanitarian or other compelling public interest, and (2) the Secretary of HHS determines that such interest would be further served by granting benefit eligibility to such aliens.
8. If INS does not contemplate enforcing departure.
9. If no new date established for deportation, and stay is for more than 1 year.
10. Except for Cuban/Haitian entrants.

**QUESTION:**

Isn't your financing package just a cost-shift to states?

**ANSWER:**

- ▶ No. We are asking sponsors to do more, we are targeting programs better, and we are ensuring that the EA program is used as intended.
  
- ▶ Our financing package is tough, but balanced. We all know that difficult choices have to be made in the current budget situation, and we have tried to make our financing mechanisms as fair to states as possible under these circumstances.
  
- ▶ We do not anticipate a financial burden on states, and think that states will come out ahead after reform.

## EMERGENCY MEDICAL ASSISTANCE FOR ILLEGAL ALIENS

### QUESTION:

Do illegal aliens receive any Federal benefits?

### ANSWER:

- ▶ Federal statutes provide that illegal aliens are eligible only for emergency medical care if they meet the other eligibility criteria under the Medicaid program (i.e., are low-income).
- ▶ While there is a potential for illegal aliens to receive benefits based on fraudulent documentation, as my testimony has indicated our programs make every attempt to establish correct alienage status through verification procedures, including the SAVE system.

### Background Information:

Labor and delivery services for pregnant women are included in the definition of emergency medical services under Medicaid.

Alienage data is not submitted by states, and the Medicaid Bureau does not compile data on the alienage of individuals receiving Medicaid.

# NUMBER OF LEGAL ALIEN RECIPIENTS

## QUESTION:

How many legal aliens receive public assistance benefits?

## ANSWER:

- ▶ In FY 1992, there were about 325,000 legal aliens receiving AFDC, or about 7 percent of the total AFDC caseload (4,768,572). This count includes refugees, which represented about 30 percent of the legal alien caseload. (Since this is a caseload count, the number of individuals would be higher by a factor of about 3.)
- ▶ In December 1993, there were about 683,000 legal aliens receiving SSI, or about 12 percent of total SSI recipients (5,932,620). Refugees represented about 17 percent of all legal aliens receiving SSI.

## Background Information:

Most of these legal aliens receiving public assistance resided in a handful of states. About 80 percent of legal alien recipients under both AFDC and SSI resided in 6 states. The six states for each program--

### SSI - 1993

California	292,700
New York	103,530
Florida	65,180
Texas	48,630
New Jersey	22,260
<u>Illinois</u>	<u>22,090</u>
Total	554,390 (or 81% of all SSI legal aliens).

AFDC - 1992

California	148,573
New York	61,379
Florida	17,026
Texas	16,961
Massachusetts	13,049
<u>New Jersey</u>	<u>8,139</u>

Total                      265,127 (or 82% of all AFDC legal alien cases)

The Medicaid program does not require states to report the alienage of Medicaid recipients, and there is no data available on the alienage of Medicaid recipients.

## VERIFICATION OF CITIZENSHIP UNDER AFDC

### QUESTION:

How is the citizenship status of AFDC applicants verified?

### ANSWER:

- ▶ States are required to verify citizenship of applicants.
- ▶ States generally verify citizenship by requiring applicants to present documentation such as birth certificates or baptismal records, U.S. passports, naturalization papers, or other documents reflecting U.S. citizenship.

### Background Information:

The Quality Control system allows the Federal government to identify states where adequate verification of citizenship may not be occurring.

Since most states verify food stamp eligibility along with AFDC eligibility, and Food Stamps is a Federal program, specific Federal guidelines on establishing citizenship status is followed for both programs in most states.

## WELFARE REFORM CHANGES: ALIEN ELIGIBILITY

### QUESTION:

What changes does the President's welfare reform bill make to alien eligibility for Federal assistance programs?

### ANSWER:

- ▶ There are two provisions in the bill that affect alien eligibility under Federal assistance programs.
- ▶ The first provision affects sponsored legal permanent residents.
  - It extends the sponsor deeming period under SSI, AFDC, and Food Stamps to five years after the sponsored immigrant has entered the country.
  - Beyond the five years, and until the sponsored immigrant becomes a naturalized citizen, the immigrant will not be eligible for benefits under the three programs if a sponsor's annual income is above the measure of U.S. median family income (about \$39,500).
- ▶ The second provision affects some non-legal permanent resident aliens by creating a uniform definition of eligibility for such aliens under the SSI, AFDC, and Medicaid programs.
  - It affects primarily aliens who have either entered illegally or have overstayed their temporary visas, and have been found deportable by the Immigration and Naturalization Service (INS).
  - It does not affect those non-legal permanent residents that have received from INS a deliberate immigration decision and status for permanent presence in the U.S.--such as refugees, asylees, and certain long-term parolees.

- This new definition of eligibility replaces the ambiguous term "permanently residing in the U.S. under color of law", or PRUCOL, on which current eligibility for non-legal permanent residents is based.
- ▶ Both provisions allow state and local programs of assistance to disqualify from general assistance programs any immigrant who is found ineligible for SSI, AFDC, Food Stamps, or Medicaid due to these provisions.
- ▶ Both provisions affect only new immigrant applicants to assistance programs; immigrants already receiving benefits would not be affected as long as they remained continuously eligible for benefits.

## **JOBS Program**

- (1) **Federally-supported job training programs do not have a successful track record, why will this program be more effective?**
- (2) Will tribes receive direct funding for JOBS?
- (3) Who will determine appropriate training for each recipient?
- (4) How will job training program under JOBS be coordinated with existing job training programs in the Department of Labor? How is coordinated with the Administration's Re-employment Act?
- (5) If the JOBS and Work programs are part of "One Stop Shopping", what agency will administer the programs and pay for the training?
- (6) Could a person be provided with some services without being brought completely into the program?
- (7) What participation rate standards will states be held to under the new enhanced JOBS program? What will the required participation rates be under the WORK program?

**Note: Bold indicates key questions**

## Effectiveness of Training Programs

### QUESTION:

Some Federally-supported job training programs do not have a successful track record. Why will this program be more effective?

### ANSWER:

- ▶ Many federally supported training programs have successfully increased employment and earnings, and reduced welfare dependency. For example, recent findings from California's Greater Avenues for Independence (GAIN) program and Florida's Project Independence reaffirm that education, training, and employment programs can increase self-sufficiency and reduce dependency. (California and Florida account for over one-fifth of nation's AFDC recipients.)
- ▶ GAIN is a statewide initiative that predated the implementation of JOBS, but now serves as California's JOBS program. According to MDRC's evaluation of six counties, the program significantly increased earnings and reduced welfare payments.
  - Over a 3-year follow-up period, average earnings for single parents increased by 22 percent (25 percent higher in the third year), and welfare payments were reduced 6 percent (8 percent lower in the third year);
  - Riverside County showed particularly impressive results. Over the 3-year period, Riverside increased earnings by 49 percent and reduced welfare payments by 15 percent.
- ▶ Project Independence is Florida's statewide program for moving people from welfare to work. After one year of follow-up, Project Independence's impacts resemble GAIN's at the same point.
- ▶ By replicating and improving programs such as these, we can build effective JOBS programs across the country.

## Tribes

### QUESTION:

Will Tribes receive direct funds for JOBS?

### ANSWER:

- ▶ Yes. In fact, consistent with the President's interest in providing Tribes the right to self-determination, Tribes will have expanded opportunities to receive direct funding under our proposal.
- ▶ Tribes will again have the opportunity to apply to operate their own JOBS programs. If their applications are approved, they will receive direct funding for JOBS, as they do under current law.
- ▶ In addition, they will be able to operate their own WORK programs if they elect to operate JOBS.
- ▶ Our proposal also allows Tribes to operate their own child care programs for JOBS and WORK participants, and families eligible for transitional child care.

## Education and Training

### QUESTION:

Who will determine appropriate training for each recipient?

### ANSWER:

- ▶ Working with a caseworker, each JOBS participant or temporarily deferred recipient will develop an employability plan identifying the education, training, and job placement services needed to move into the workplace.
- ▶ The employability plan will consider, among other elements, the remaining months of eligibility, the individual's preferences, and local employment opportunities.
- ▶ State agencies must inform individuals about relevant education, training, and employment opportunities and support services, including opportunities in non-traditional fields of employment. States must also encourage entry into non-traditional fields.
- ▶ Individuals who disagree with their proposed employability plans, will be entitled to higher-level reviews.

## Coordination With Department of Labor

### QUESTION:

How will job training programs under JOBS be coordinated with existing job training programs in the Department of Labor? How will they be coordinated with the Administration's Reemployment Act?

### ANSWER:

- ▶ At the state level, job training programs will be coordinated through State plans and through the State Job Training Coordinating Council or the Human Resource Investment Council. At the local level job training programs will be coordinated through PICs or the county-administered entities that administer job training programs.
- ▶ The agency administering the WORK program would be required to coordinate delivery of WORK services with the public, private, and not-for-profit sectors, including local government, large and small business, United Ways, voluntary agencies and community-based organizations.
- ▶ The Reemployment Act authorizes the establishment of One-Stop Career Centers. In a State that elects to operate one-stop career centers, JOBS/WORK would be required components of the one-stop career centers.

## Administration Under One-Stop Shopping

### QUESTION:

If the JOBS and WORK programs are part of "One Stop Shopping" what agency will administer the programs and pay for the training?

### ANSWER:

- ▶ To enable States to fully integrate education, training, and employment service programs, Governors will have the option to operate the JOBS and WORK programs through an agency other than the IV-A agency. For example, a Governor may choose to operate a combined JOBS/JTPA program. This option will expand State flexibility and will promote innovation and program improvement.
- ▶ If a State has a state-wide one-stop career center system, the JOBS/WORK program would be integrated into the system. If the IV-A agency administers the JOBS/WORK program, it can contract with the one-stop career center agency to provide services to JOBS/WORK participants.
- ▶ Generally, the One-stop Career Centers will be run by either a consortium that consists of the Employment Service, the JTPA agency, the dislocated worker program, the Unemployment Insurance program and one other locally chosen entity, or by multiple independent operators. These independent operators could be community colleges, vocational schools, or community-based for-profit or nonprofit organizations.

## Services Without Being in the Program

### QUESTION:

Could a recipient be provided with some services without being brought completely into the new time-limited system?

### ANSWER:

- ▶ Yes. States have the option of providing program services, child care, and other supportive services to individuals in the phased-in group who are deferred from the JOBS program. These individuals would not be subject to the time limit.
- ▶ Volunteers from the non-phased-in group could be provided services in the new JOBS program if funding was available. States would also have the option of putting these volunteers under time limits.

## Performance Measures and Standards

### **QUESTION:**

What participation rate standards will States be held to under the new enhanced JOBS program? What will the required participation rates be under the WORK program?

### **ANSWER:**

- ▶ The Administration's proposal contains rigorous standards regarding the levels of participation in the JOBS and WORK program which would ensure that States are at least providing JOBS and WORK services to families on assistance.
- ▶ The new JOBS participation rate will be set at 50%, with a tolerance threshold of plus or minus 5%. In other words, over 12 months, a State must be serving an average of 50% of the mandatory caseload each month. States who fail to achieve this rate (i.e., at least 45%) will be financially penalized and State that exceed this rate (i.e., above 55%) shall be granted a financial bonus.
- ▶ The penalty would be a 25% reduction in the AFDC matching dollars for the number of recipients who exceed the tolerance threshold. The penalty is assessed on a States AFDC matching dollars because reducing resources from a JOBS program that is most in need of the resources is counter-productive. However, the reduction in AFDC funds sends a clear message to the States that serving all participants is important.
- ▶ The amount of the bonus would be set by the Secretary, according to the availability of bonus funds. The bonus dollars would be distributed to the State's JOBS program. Again, this creates the clear link between positive outcomes and rewards.
- ▶ For the WORK program, States would be required to serve 80% of the number of WORK registrants. In cases of extreme circumstances, a State would only be required to serve the number of WORK registrants for whom the State had received adequate federal funding. While there would be no bonus for exceeding the 80% rate, States would be subject to a similar 25% reduction in AFDC matching funds for the number unserved registrants below 80% or the minimum number of slots required.

- ▶ States would also be required to maintain accurate time-clocks for all participants subject to time-limits. States would face a similar penalty (i.e., 25% reduction in AFDC matching grants) for the number of recipients for whom the State has failed to maintain an accurate clock.
- ▶ States would face a similar penalty (i.e., 25% reduction in AFDC matching grants) for the number of participants that exceed the allowable cap on granting time-limit extensions.

WORK Program

- (1) Why should the government provide jobs to people on welfare? Won't this take jobs away from working people?
- (2) What kinds of publicly-supported jobs would people get under this program? How much would they be paid? Will they be jobs that provided training to move into higher paying and/or higher skilled labor? Who pays for the supervision of these workers? Will they be required to do anything besides show up for work (continued job search in the private sector, additional training)?
- (3) What happens to those in areas with high unemployment, such as reservations, who cannot find jobs?
- (4) Won't people stay in the WORK program forever? How long will an individual be allowed to stay in a public service or subsidized private sector job? Will families be penalized if no work is available?
- (5) What incentives will there be for a private employer to hire a person from the WORK program? What will motivate a private employer to shift a person from subsidized to non-subsidized employment?
- (6) Will there be allowances in the WORK program for part-time work? Can someone work part-time and collect benefits forever? Does the clock stop for part-time work?
- (7) How will states be able to generate the necessary WORK slots, given the mixed history of subsidized jobs?
- (8) Do you anticipate union objections to your public services jobs? Will employers prefer clients subsidized through welfare to paying "full price" to those who are not on the system? How are you assuring that there will be no displacement of private sector workers?
- (9) Why does the plan not create full-scale public service jobs like those created under CETA. How will these be better than the CETA program, which is generally viewed as unsuccessful? Is there any evidence that these jobs are worth the additional expenditure of public dollars?
- (10) What controls will be in place to detect fraud in the WORK program? Is it possible, that the program will become a giveaway to private sector employers?

Note: Bold indicates key questions

- (11) Who develops/controls the new WORK programs? What is the Federal role, the State role, the local role?
- (12) Will WORK participants, both in subsidized private sector jobs and public sector jobs, receive the same benefits as other employees who do not hold their jobs through the WORK program?
- (13) How will it be determined whether WORK participants are hired by the public or private sector?
- (14) Will there be any money saved with the Jobs/Work program?

## Jobs for Welfare Recipients

### **QUESTION:**

Why should the government provide jobs to people on welfare?  
Won't this take jobs away from working people?

### **ANSWER:**

- ▶ Our proposal allows states to develop WORK programs appropriate to the local labor market. States can place recipients in subsidized private sector jobs, in public sector positions, or with community organizations. We believe that providing jobs will allow people to gain job skills and leave welfare.
- ▶ During the development of our proposal, we consulted with a broad range of interested parties, including representatives of public and private employee unions, to ensure that we got advice and input on all aspects of welfare reform. There's broad support for mandatory work across the political spectrum.
- ▶ The proposal includes strong displacement provisions that apply to employees in both the private and public sector. It prohibits assignments to positions created by layoff, strikes and lockouts. It also prohibits any assignment displacing or infringing on the promotional opportunities of a currently employed worker. Further, States must establish grievance procedures to resolve complaints by regular employees that allege violations of the non-displacement provisions.
- ▶ We do not believe employers will strongly prefer subsidized clients to those who are not subsidized. The wage subsidy and other incentives available to employers through the WORK program are intended to level the playing field by compensating employers for increased training costs, rather than to make WORK participants more attractive than prospective employees not in the program.

## Types of Jobs Under Work Program

### QUESTION:

What kinds of publicly-supported jobs would people get under the WORK program? Who pays for worker supervision? How much would work participants be paid? Will these be jobs that move people into higher paying and/or higher skilled positions? Will WORK participants be required to do anything besides show up for work? (Continued job search in the private sector, additional training, etc?)

### ANSWER:

- ▶ To make the WORK program appropriate to local labor markets, the President's plan encourages state flexibility and community-based initiatives. State governments can design programs to fit local market needs: temporarily placing recipients in subsidized jobs private sector jobs, public sector positions, or with community organizations. States may employ young mothers as child care or home health providers, support self-employment and micro-enterprises, or hire private firms to place participants.
- ▶ Depending on states' arrangements with participating employers, supervision costs could be covered as WORK expenditures. In other cases, employers will pick up the full costs of supervision.
- ▶ Unlike traditional "workfare," recipients will only be paid for hours worked. Most jobs would pay the minimum wage for between 15 and 35 hours of work per week.
- ▶ Even a minimum-wage job is an important step toward self-sufficiency. As women gain job skills, work experience--and faith in themselves--they will progress to better-paying jobs and real financial stability.
- ▶ Depending on the number of hours in their WORK position, individuals could be required to participate in additional activities such as job search or training. Total hours of expected participation would not exceed 35 hours per week. Individuals would also be expected to participate in job search following completion of any WORK assignment.

## High Unemployment Areas

### QUESTION:

What happens to those in areas with high unemployment, such as reservations, who cannot find jobs?

### ANSWER:

- ▶ Our proposal does not penalize those who "play by the rules." As long as individuals comply with the requirements of the WORK program--including making good faith efforts to look for work and accepting bona fide offers of unsubsidized employment--they and their families will be eligible for benefits even if employment is not currently available.
  
- ▶ During periods of high state unemployment, the Federal match rate for JOBS, WORK, and At-Risk Child Care will increase by ten percent. The Federal government will assist the states in implementing our plan's changes.

## Length of Time in the Work Program

### QUESTION:

Won't people stay in the WORK program forever? How long will an individual be allowed to stay in a public service or subsidized private sector job? Will families be penalized if no work is available?

### ANSWER:

- ▶ The President's plan will move people into the workplace as quickly as possible, because WORK assignments will always be less attractive than unsubsidized alternatives. Participants will be required to go through extensive job search before entering the WORK program, and after each WORK assignment. No WORK assignment will last more than 12 months. Participants in subsidized jobs will not receive the EITC. Thus any unsubsidized job will pay much more than a subsidized WORK assignment. Anyone who turns down a private sector job will be removed from the rolls, as will those who repeatedly refuse to make good faith efforts to obtain available jobs.
- ▶ States will be able to evaluate whether recipients who have held subsidized jobs for two or more years have made good faith efforts to obtain available jobs. Following the assessment, an individual could be assigned to another WORK position, or, at State option, removed from the rolls for refusing a job offer or failing to make a good-faith effort to find unsubsidized work. (In rare instances - temporary disability for example - individuals could be placed in deferred status or referred back to the JOBS program.)
- ▶ However, participants who are willing to work and play by the rules will not be left without a way to provide support for their families. Parents who generally do everything expected of them will continue to have work opportunities, and their children will not be unfairly penalized for circumstances beyond their parent's control.

## Incentives for Employers to Hire WORK Participants

### QUESTION:

What incentives will there be for a private employer to hire a person from the WORK program? What will motivate a private employer to shift a person from subsidized to non-subsidized employment?

### ANSWER:

- ▶ Our proposal gives welfare recipients the training and education to be valuable employees. Through the WORK program, businesses can "try out" individuals with limited risk -- benefitting both employer and employee. And guaranteed child care will reduce absenteeism, making young parents better employees. There is a one year limit on work subsidies to employers.
- ▶ We expect that employers will shift WORK participants into unsubsidized jobs either because the WORK assignment is ending or in order to prevent losing that employee to another employer. Employers whose experiences with WORK participants are positive may also move participants into regular positions in order to receive additional referrals from the WORK program.

## Part-time WORK Assignments

### QUESTION:

Will there be allowances in the program for part-time work? Can someone work part-time and collect benefits forever? Does the clock stop for part-time work?

### ANSWER:

- ▶ Research shows that people who work part-time are much more likely to leave welfare for work. Thus, we decided that people working at least 20 hours should be encouraged by stopping the clock.
- ▶ For young mothers with very young children, part-time work may be the most realistic starting point.
- ▶ States have the option of setting 30 hours as the minimum work expectation, the same as contained in the House Republican bill.

## How Will States Create the Jobs

### QUESTION:

How will States be able to generate the necessary WORK slots, given the mixed history of subsidized jobs?

### ANSWER:

- ▶ Several provisions will assist States in generating the necessary WORK slots and developing WORK programs appropriate to local labor markets. First, our proposal gives States flexibility in administering the WORK program, offering employer subsidies, and creating WORK slots. States can place administrative responsibilities in the welfare department or another agency. They can temporarily place recipients in subsidized private sector jobs, in public sector positions, or with community organizations. States may also employ young mothers as child care or home health providers, support self-employment and micro-enterprises, or hire private firms to place participants.
- ▶ Local advisory boards will also advise the welfare agency on the WORK program. Our phase-in will make the WORK program a manageable size and give States time to generate employer interest and involvement. Under the CETA program, states were required to create 750,000 jobs in three months. We are giving states 6 years to create 400,000 jobs.

## Displacement and Union Concerns About Work Assignments

### QUESTION:

Do you anticipate union objections to your public service jobs? Will employers prefer clients subsidized through welfare to paying "full price" to those who are not in the system? How are you assuring that there will be no displacement of private sector workers?

### ANSWER:

- ▶ During the development of our proposal, we consulted with a broad range of interested parties, including representatives of public employee unions, to ensure that we got advice and input on all aspects of welfare reform. Further, our proposal ensures that affected and interested parties will continue to have a voice as WORK programs are implemented at the local level.
- ▶ The proposal includes strong anti-displacement provisions that apply to employees in both the private and public sector. It prohibits assignments to positions created by layoff, strikes and lockouts. It also prohibits any assignment that would result in displacement or infringe on the promotional opportunities of any currently employed worker. Further, States must establish a grievance procedure to resolve complaints by regular employees that allege violations of the non-displacement provisions.
- ▶ We do not believe employers will strongly prefer subsidized clients to those who are not subsidized. The wage subsidy and other incentives available to employers through the WORK program are intended to level the playing field by compensating employers for increased training costs, rather than to make WORK participants more attractive than prospective employees not in the program.

## Value of WORK Activities

### QUESTION:

Why does the plan not create full-scale public service jobs like those created under CETA? How will the WORK program be better than the CETA program, which is often viewed as unsuccessful: Is there any evidence that these jobs are worth the additional expenditure of public dollars?

### ANSWER:

- ▶ The Administration's welfare reform is based on two simple principles: work and responsibility. Providing employment opportunities for those who exhaust their transitional assistance is not just a matter of short-term cost-benefit calculations, but is intended to restore the basic values of work and responsibility, provide opportunity, and promote the family. Under the President's plan, welfare reform will be about a paycheck, not a welfare check.
- ▶ While the CETA evaluations are not definitive, the more recent and rigorous evaluations of welfare-to-work programs -- such as GAIN/Riverside -- suggest that work activities and job search can successfully increase welfare recipients' employment and earnings, and reduce welfare dependency. These programs have been cost-effective.
- ▶ Our proposal shows that we have learned from prior experience, including CETA. Unlike CETA, our program will include a mix of public and private sector jobs. They will focus on specific populations, they will be mandatory, and individual assignments will be limited to 12 months.
- ▶ This strategy does not consume a disproportionate share of welfare reform resources. CETA jobs cost approximately \$15,000 per year (\$12,000 in wages and \$3,000 in administrative costs). The creation of 500,000 jobs at those wage rates adjusted for wage inflation would cost approximately \$10 billion dollars per year.
- ▶ In addition, we have instituted procedures to ensure that a WORK slot is not more attractive than a job in the private sector. For example, WORK participants will not be eligible for the EITC.

## Fraud in the WORK Program

### QUESTION:

What controls will be in place to detect fraud in the WORK program? Is it possible that the program will become a giveaway to private sector employers?

### ANSWER:

- ▶ We are committed to ensuring the integrity of all aspects of the welfare system, including the WORK program. States are similarly interested in program integrity because they share in the costs of operating these programs. Also, new performance standards will increase the financial incentives for States to operate effective programs and maintain accurate program information. We will also require States to keep records on the performance of individual employers in retaining WORK program participants.
- ▶ We will work with States to establish any necessary controls to ensure the integrity of the WORK program.

## Administration of the WORK Program

### QUESTION:

Who develops/controls the new WORK programs? What is the federal role? state role? local role?

### ANSWER:

- ▶ The WORK program will be administered by a state agency, typically the IV-A agency -- unless the Governor designates another entity. The administering agency will receive federal grants and be held responsible for submitting program and financial reports and meeting appropriate performance standards.
- ▶ States will have wide discretion in spending their WORK program funds and can pursue a range of job creation strategies. States can design programs to fit local labor market needs: temporarily placing recipients in subsidized private sector jobs, in public sector positions, or with community organizations. States may employ young mothers as child care or home health providers, support self-employment and micro-enterprises, or hire private firms to place participants. We require States to coordinate WORK services with local governments and community interests. Local elected officials will help designate or establish WORK planning boards to aid program operation in each area.

## Employee Benefits for WORK Participants

### QUESTION:

Will WORK participants, both in subsidized private sector jobs and public sector jobs, receive the same benefits as other employees who are not WORK participants?

### ANSWER:

A. In general, participants employed under the WORK program will enjoy the same benefits, working conditions, and rights as comparable employees of the same employer.

However:

- 1) the Secretary may establish minimum leave benefits for WORK participants;
- 2) If the employer burden of providing health insurance were too great, WORK participants could remain in the Medicaid system.
- 3) While WORK participants will pay FICA taxes and receive Worker's Compensation, they will not be eligible for the Earned Income Tax Credit, the Targeted Jobs Tax Credit, or Unemployment Compensation. These provisions should encourage movement into jobs outside the WORK program.

## Public Vs. Private WORK Assignments

### QUESTION:

How will it be determined whether WORK participants are hired by the public or private sector?

### ANSWER:

- ▶ To make the WORK program appropriate to local labor markets, the President's plan encourages State flexibility and community-based initiatives. State governments can design programs to fit local needs: temporarily placing recipients in subsidized private sector jobs, in public sector positions, or with community organizations. States may employ young mothers as child care or home health providers, support self-employment and micro-enterprises, or hire private firms to place participants.
- ▶ Our ultimate objective is to move individuals into unsubsidized employment. States will consider this goal -- in addition to local labor market needs -- as they develop their WORK programs.

## JOBS/WORK Savings

### QUESTION:

Will there be any money saved with the JOBS/WORK program?

### ANSWER:

- ▶ The Administration's proposal is based on two basic premises: work and responsibility. Individuals are expected to help themselves become self-sufficient; in exchange the government will provide education, training, work opportunities, and child care to help families achieve and maintain self-sufficiency. Such transitional assistance is not just a matter of short-term cost-benefit calculation, but is intended to restore the basic values of work and responsibility, provide opportunity, and promote the family. The long-term payoff in healthy, productive families cannot be underestimated.
- ▶ The President's proposal does not seek additional revenue to pay for the plan and is fully financed by savings in other areas. However, similar job training programs, such as GAIN/Riverside, have actually saved the government money.

## Child Care

- (1) **How much will this proposal to expand federally-funded child care cost? Who will have access to this child care, just AFDC recipients or the working poor as well?**
- (2) **Why was additional money for working poor child care scaled back? Won't the scarcity of funds provide an incentive for women needing child care to return to welfare, where subsidies are guaranteed?**
- (3) **How much will subsidized child care cost? How long will it be provided for each family? Are some families in the same economic circumstances being left out? Isn't this inequitable? Will people who are not in the phased-in group have access to services such as child care and JOBS? Will there be enough resources for these individuals?**
- (4) **Why not consolidate all child care programs and make more efficient use of limited dollars?**
- (5) **Does your proposal give child care to all AFDC recipients in JOBS or WORK, as well as the working poor? If so, how do you justify the cost to the government to provide a single woman, working in a minimum wage job, child care assistance and the EITC? Wouldn't it actually cost less for her to simply receive AFDC? And wouldn't it make more sense, especially if she has young children, for her to receive AFDC and be able to stay home and raise her children?**
- (6) **What child care services are available for a welfare recipient taking a private sector job?**

**Note: Bold indicates key questions**

## Expanded Funding for Child Care

### **QUESTION:**

How much will this proposal to expand Federally-funded child care cost? Who will have access to this child care, just AFDC recipients or the working poor as well?

### **ANSWER:**

- ▶ Our proposal increases child care funding both for AFDC recipients and the working poor. The additional Federal cost of expanded child care services will be \$4.2 billion over 5 years. This provides an additional \$2.7 billion over existing spending for welfare recipients who are in work, education, and training, or who become employed and leave welfare. An additional \$1.5 billion over 5 years will support the At-Risk child care program, which is specifically for non-AFDC working poor.

## Child Care Guarantee

### QUESTION:

Why was additional money for working poor child care scaled back? Won't the scarcity of funds provide an incentive for women needing child care to return to welfare, where subsidies are guaranteed?

### ANSWER:

- ▶ The President's welfare reform plan expands and improves the child care system for both low-income working families and those transitioning off welfare. Welfare recipients in work and training will be guaranteed child care, and those leaving welfare will still receive a year of Transitional Child Care.
- ▶ In addition, the President's proposal almost doubles federal spending on child care for the working poor. We also reduce the state match for the At-Risk program, which serves low-income working families who are at-risk of welfare dependency.
- ▶ Further, the Clinton Administration's FY 95 Budget proposed a 19 percent funding increase for the Child Care and Development Block Grant, which serves low-income families. President Clinton's recent expansion of Head Start provides further support for quality child care. The 1995 budget includes substantial additional funding and encourages the development of full-day, full-year Head Start services to meet the needs of today's families.
- ▶ In addition, the expanded EITC will give working families additional income that can be used for child care.

## Child Care Costs

### QUESTION:

How much will subsidized child care cost? How long will it be provided for each family? Are some families in the same economic circumstances being left out? Isn't that inequitable? Will people who are not in the phase-in group have access to services such as child care and JOBS? Will there be enough resources for these individuals?

### ANSWER:

- ▶ The additional Federal cost of expanded child care services will be \$4.2 billion over 5 years. This provides an additional \$2.7 billion for welfare recipients in work, education, and training, or who become employed and leave welfare. An additional \$1.5 billion over 5 years will support the At-Risk child care program, which is specifically for the non-AFDC working poor.
- ▶ To encourage young mothers to work, our plan will guarantee child care during education, training, and work programs, and for one year after participants leave welfare for private sector employment. Increased funding for other Federal child care programs will bolster more working poor families and help them stay off welfare in the first place. Our plan also improves child care quality and ensures parental choice.
- ▶ By expanding working poor child care, we will make sure that work is always more attractive than welfare. Low-income families will not be "left out" of child care simply because they have tried to make it on their own.
- ▶ JOBS and child care funds will also support services to welfare recipients outside the mandatory phase-in group.

## Child Care Program Consolidation

### QUESTION:

Why not consolidate all child care programs and make more efficient use of limited dollars?

### ANSWER:

- ▶ Because of the different funding mechanisms for child care programs -- two entitlements, one capped entitlement and one discretionary program -- the programs are more difficult to consolidate than they appear to be.
- ▶ To maximize the impact of each dollar, the Clinton Administration has already sought to coordinate and improve child care programs. Recently proposed regulations will remove many of the regulatory differences between the programs so that States can administer them easily and cost-effectively.
- ▶ Our proposal simplifies administration and ensures coverage, standardizing child care program requirements for provider standards, health and safety, parental access, consumer education, parental choice, and parental complaint management. In addition, our proposal gives States the option to administer all the Title IV-A child care programs, and the Child Care and Development Block Grant, through a single State agency.
- ▶ Our proposal makes significant improvements in child care programs but does not overburden States as they simultaneously implement welfare reform.

## Child Care and Requirements for Mothers of Young Children

### QUESTION:

Does your proposal give child care to all AFDC recipients in JOBS or WORK, as well as the working poor? If so, how do you justify the cost to provide child care assistance and the EITC to a single woman working in a minimum wage job? Wouldn't it actually cost less for her to simply receive AFDC? And wouldn't it make more sense, especially if she has young children, for her to receive AFDC and be able to stay home and raise her children?

### ANSWER:

- ▶ Our proposal continues the existing guarantee of child care for all AFDC recipients in JOBS and extends it to those in WORK. We also propose to increase the Federal subsidy of child care to the working poor by \$1.5 billion over a period of five years through the At-Risk Child Care program.
- ▶ At all economic levels, women have become a vital and significant sector of the work force. Many mothers of young children participate in the work force out of necessity or voluntarily. Our proposal helps bring the rules and expectations underlying the AFDC program more in line with those applying to the rest of society. It fosters family responsibility and produces tangible and intangible benefits to welfare recipients. These benefits outweigh any temporary cost associated with helping the family avoid long-term dependence on public assistance.
- ▶ Working families, even with low-wage jobs, are part of the mainstream of society and, thus make more life choices than families on public assistance. They are closer to self-sufficiency. They have entry level employment experience that can serve as a stepping stone for career development and increased income. Their children have the benefit of living in a home in which a parent provides a positive role model of work and responsibility.

## Child Care for Recipients Who Take Jobs

### QUESTION:

What child care services are available for a welfare recipient taking a private sector job?

### ANSWER:

- ▶ A welfare recipient who takes a private sector unsubsidized job, but still remains eligible for welfare would be guaranteed child care as long as she is working and still receiving cash assistance.
- ▶ Those who leave welfare will receive a year of Transitional Child Care. After that year, several other Federal programs will offer continued child care assistance. Our proposal significantly expands funding for working poor child care under the At-Risk program. President Clinton's 1995 budget proposes to increase funding for the Child Care and Development Block Grant (CCDBG) by 19 percent. In addition, the Administration's recent expansion of Head Start provides further support for quality child care.

Child Support

- (1) **How are you proposing to strengthen the child support system? Your savings seem unrealistically high, can you support them?**
- (2) **How will fathers pay support if they don't have jobs? Will anything be required of fathers who cannot pay the child support they owe?**
- (3) **Will you provide funding for job allotments for unemployed males who are noncustodial parents?**
- (4) **Since there is general agreement about reforming the child support enforcement system, why not go ahead and pass those provisions separately this year?**
- (5) **How many people would get off welfare if all non-custodial parents paid the support they were suppose to pay?**
- (6) **How will the adequate legal safeguards and protections afforded through a judicial review and process possibly be maintained if you move to an administrative process as proposed?**
- (7) **Why are all families included in State child support registries to be reviewed automatically every three years? The proposal calls for expensive upgrading of the system; will the savings really exceed the cost?**
- (8) **Is three years the appropriate time frame in which to review all cases?**
- (9) **Is it appropriate for this system to become involved in non-AFDC cases? Will the outcome warrant the spending necessary?**
- (10) **How burdensome will this system be on employers? Will the additional paperwork required to report all new hires discourage employers from participating, or from willingness to hire people who will require such paperwork?**
- (11) **Many parents pay child support regularly and faithfully. Is it necessary to impose such a "big brother" system on all non-custodial parents?**
- (12) **How do you expect a non-custodial parent to work to meet his/her support obligation when sanctions include suspension of drivers licenses and professional licenses? Isn't this counter-productive?**
- (13) **Your child support enforcement proposals seem to include many in-state mandates as well; won't this be an additional burden on states?**

**Note: Bold indicates key questions**

## Child Support Enforcement Proposals

### QUESTION:

How are you proposing to strengthen the child support system? Your savings seem unrealistically high, can you support them?

### ANSWER:

- ▶ As the President said, the Administration's plan contains the toughest child support enforcement measures ever proposed. As part of a plan to reduce and prevent welfare dependency, our plan provides for:
  - **Universal Paternity Establishment.** Hospitals will be required to establish paternity at birth, and each applicant will be required to name and help find her child's father before receiving AFDC.
  - **Regular Awards Updating.** Child support payments will increase as fathers' incomes rise.
  - **New Penalties for Those Who Refuse to Pay.** Wage withholding and suspension of professional, occupational and drivers' licenses will enforce compliance.
  - **A National Child Support Clearinghouse.** Registries will track support payments automatically and catch parents who try to evade their responsibilities by fleeing across state lines.
- ▶ We do expect significant savings from child support enforcement. Many of the savings estimates are based on the experiences of innovative states that use the methods that we will expand across the country.

## Fathers Who Cannot Pay

### QUESTION:

How will fathers pay support if they don't have jobs? Will anything be required of fathers who cannot pay the child support they owe?

### ANSWER:

- ▶ State child support guidelines are used to determine the amount of support that fathers pay. All state guidelines consider the father's earnings in setting the amount of the child support award. If a father really cannot find work, the child support obligation will reflect this. In addition, our plan provides for regular awards updating to reflect changes in a non-custodial parent's employment status.
- ▶ If a father really cannot find a job, our plan will help. States can spend up to 10 percent of their JOBS and WORK funding for training, work readiness, and work opportunities for non-custodial parents.
- ▶ In some cases, fathers can work, but simply refuse to take jobs. Under our plan, States can require non-custodial parents to work off the support they owe, if appropriate.

## Job Slots for Non-Custodial Fathers

### QUESTION:

Will you provide funding for job allotments for unemployed males who are non-custodial parents?

### ANSWER:

- ▶ The bill allows states to use up to 10 percent of JOBS and WORK funding to provide training, job readiness, and employment opportunities to unemployed non-custodial parents. Noncustodial parents can qualify for these programs if their children are receiving AFDC benefits or if the custodial parent's wages are paid through the WORK program. States can also augment their non-custodial parent program funds through tie-ins to other federal and state training and employment programs, such as JTPA and HUD's Resident Initiatives Programs.

## Why Not Pass Child Support Provisions Separately This Year

### QUESTION:

Since there is general agreement about reforming the child support enforcement system, why not go ahead and pass those provisions separately this year?

### ANSWER:

- ▶ Our proposal is a holistic plan, designed to enforce parental responsibility for custodial and noncustodial parents alike. The child support enforcement provisions are intrinsically linked to JOBS, time limits and WORK, as well as to the other components of the plan. It is, therefore, critical that the package be enacted as a whole in order to bring about fundamental change in the system.
  
- ▶ Further, the child support provisions represent bold and sweeping reform to the current system. Congress must take the time to examine the child support piece, in the context of the entire package, through hearings and consultation.

## People off Welfare

### QUESTION:

How many people would get off welfare if all non-custodial parents paid the support they were supposed to pay?

### ANSWER:

- ▶ Approximately 8 percent of the AFDC caseload would be able to move off welfare if they received child support payments.<sup>1</sup> In addition, for a custodial parent in a low wage job, child support could be the crucial factor preventing her from entering the welfare rolls.
- ▶ AFDC costs could be reduced by over 25 percent if child support awards were in place in all cases, and non-custodial parents paid appropriate support. This money would come from the 8 percent reduction in caseload and from the reimbursement the government would get for AFDC benefits paid to custodial parents on welfare.<sup>2</sup>

<sup>1</sup>From TRIM microsimulation analysis done by the Urban Institute.

<sup>2</sup>Current Population Survey - Child Support Supplement and Survey of Income and Program Participation: unpublished ASPE tabulations; Office of Child Support Enforcement and Office of Family Assistance published reports: Family Disruption and Economic Hardship: Series P-70, No. 23.

## How will Adequate Legal Safeguards and Protections be Maintained

### QUESTION:

How will the adequate legal safeguards and protections afforded through a judicial review and process possibly be maintained if you move to an administrative process as proposed?

### ANSWER:

- ▶ "Due Process" legal safeguards and protections can be provided under administrative processes as well as under judicial processes. Administrative process protects essential rights such as the contestants' right to notice and an opportunity to be heard by an impartial decision-maker. Other protections generally include the right to present evidence and witness testimony, to cross-examine the opponent's witnesses and to rebut adverse evidence. Additionally, contestants may always bring lawyers. Decisions are based on findings of fact and must be in writing. And contestants may always appeal to a court.
- ▶ An administrative process is already a part of the child support system. Administrative hearing officers hear Title IV-D child support cases in about 1/3 of the States today, in part because the Child Support Enforcement Amendments of 1984 require that orders be established and enforced expeditiously. Through waivers, our proposal continues to allow court establishment and modification of support orders if courts are documented to be as effective and efficient as administrative processes.

## Three Year Review of State Child Support Registry

### QUESTION:

Why are families included in State child support registries reviewed automatically every three years? The proposal calls for expensive upgrading of the system; will the savings really exceed the cost?

### ANSWER:

- ▶ Inadequate child support awards are a major factor contributing to the gap between the amount of child support currently collected and the amount that could potentially be collected. This is in part because support orders are not routinely reviewed over time to determine if the parents' financial circumstances and ability to provide support have changed.
- ▶ The proposal builds on the Family Support Act's foundation for review and adjustment by eliminating the need for parents to request a review if they are not receiving public assistance. This will result in a more equitable and routine (and thus less controversial and adversarial) process for all families with support orders. However, the bill also allows for exceptions from automatic review and adjustment of all orders on the State child support registry if adjustment is not in the child's best interest or both parents decline modification in writing.
- ▶ Improvements in automated systems will help diminish the time delays and tracking problems currently associated with review and adjustment efforts. We estimate that the benefits outweigh the cost of this proposal by 2 to 1.

## Three Year Timeframe for Review

### QUESTION:

Is 3 years the appropriate timeframe in which to review all cases?

### ANSWER:

- ▶ The 3-year timeframe exists in current law as a result of the Family Support Act requirements for periodic review and adjustment of certain child support orders. Review can occur more frequently if circumstances change enough to warrant a review sooner.
- ▶ Given experience to date with review and adjustment of orders, reevaluating the adequacy of support order amounts every 3 years appears to be reasonable.

## Appropriate to Become Involved in Non-AFDC Cases

### QUESTION:

Is it appropriate for the child support system to become involved in non-AFDC cases? Will the outcome warrant the spending necessary?

### ANSWER:

- ▶ Routine review and updating of support orders in all cases is a cornerstone of the Administration's proposal to improve the child support system. If we want to move people from welfare to work, we have to be equally concerned about collecting child support for single parents who are not on welfare but are often struggling to make it financially. Recent analyses by the Urban Institute suggest that the potential for child support collections is \$48 billion per year. Yet only \$14 billion is actually paid. Thus, there is a potential collection gap of over \$34 billion. It is estimated that fully 22 percent of the potential collection gap can be traced to awards that were either set very low initially or never adjusted as incomes changed. Routine review and adjustment will ensure that awards keep pace with the earnings of the noncustodial parent.
- ▶ Experience with mandatory income withholding has proven that, when withholding is universally applied, the stigma and controversy attached to it are removed. Our expectation is that a similar outcome would flow from routine review and adjustment.

## What will the Burden be on Employers

### QUESTION:

How burdensome will the new child support system be on employers? Will the additional paperwork required to report all new hires discourage employers from participating, or from willingness to hire people who will require such paperwork?

### ANSWER:

- ▶ At least 13 states have passed legislation and implemented procedures requiring employers to report information about new employees for child support enforcement purposes. Several other states have legislation pending. Employers using the W-4 reporting form to submit information are usually given as much flexibility as possible in choice of transmission format to accommodate their needs and limitations. Employers may file via paper, magnetic tape, POS devices, touch tone telephone, and electronic transmissions via personal computer or mainframe computer.
- ▶ In November, 1993, the Office of Child Support Enforcement (OCSE) surveyed nine states about the operations of their new hire reporting systems. Respondents from several states said that after initial resistance from employers about timeframes and the reporting burden, most of them became very supportive, even enthusiastic, about the program once it got underway. In California and Texas, employers who were not required to report started doing so.
- ▶ To further address the issue of minimizing any burden, associations that represent employers, such as the American Society for Payroll Management, are calling for a centralized, standardized single reporting system for new hires. Our proposed National Directory of New Hires answers this need. It offers many filing options for employers, which will further reduce the burden for multi-state employers. This Directory will provide a standardized reporting process for all employers.

## Severity of CSE Proposals

### QUESTION:

Many parents pay child support regularly and faithfully. Is it necessary to impose such a "big brother" system on all non-custodial parents?

### ANSWER:

- ▶ We recognize and applaud the parents who do regularly pay child support. But, we also need a system that ensures that children are getting the support they deserve. We believe features such as automatic review and adjustment of all awards, expanded wage-withholding and payment through a central distribution center are critical elements of such a system. And, the proposal does give the option to opt-out of these features as long as it is at the request of both parents.

## License Suspension

### QUESTION:

How do you expect a non-custodial parent to work to meet his/her support obligation when sanctions include suspension of drivers licenses and professional licenses. Isn't this counterproductive?

### ANSWER:

- ▶ Revocation of drivers licenses and professional licenses of noncustodial parents owing past-due child support is an effective enforcement tool that has recently been implemented by at least 7 states. States adopting this practice are reporting very successful results. In addition, States will have the flexibility to determine the specific procedures to be used to carry out this practice, including working out repayment plans for those who cannot pay the entire debt in one lump sum. Finally, it should be emphasized that holding a license is a privilege, not a right. The state has an interest in seeing that the license holder is law-abiding and that its legal orders for support are honored.

## Child Support Enforcement in State Mandates

### QUESTION:

Your child support enforcement proposal seems to include many in-state mandates as well; won't this be an additional burden on states?

### ANSWER:

- ▶ We have worked hard to minimize these additional requirements on states. However, some in-state mandates are necessary to effect the transition from a judicial child support enforcement system to one that is administrative.
- ▶ We are continuing to work closely with states to eliminate any unnecessary in-state mandates.
- ▶ From a financial perspective, 80 to 90 percent of the net increased cost of these proposals will be federally funded; we do not anticipate a financial burden on states, and think that states will have an overall financial gain from these proposals.