

THE WHITE HOUSE  
WASHINGTON

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DETAILED SET OF info + Q/A  
on welfare that HHS has  
prepared.

Useful background

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ORIGINAL TO JSA

## Welfare Reform Talking Points

- o **A broken system.** When President Clinton ran for president four years ago, he pledged to end welfare as we know it. Since taking office, President Clinton has done everything in his power to transform the welfare system into one that rewards work, protects children, and promotes parental responsibility. Although we've given 78 waivers to 43 states, the President has emphasized from the start that we need national legislation to help build a better future for the women and children now trapped in poverty.
- o **A much improved bill.** We've come a long way in this debate. Last year the Republican majority in Congress sent President Clinton legislation that had its priorities backward: it was soft on work, and tough on children. It failed to provide adequate child care and health care. It imposed deep and unacceptable cuts in school lunches, child welfare, and help for disabled children. The bill came to President Clinton twice and he vetoed it twice. This new bipartisan legislation is significantly better than the bills the President vetoed.
- o **Rewarding work.** The new law is strong on work. It provides almost \$4 billion more for child care, and it gives states powerful performance incentives to place people in jobs. It requires states to hold up their end of the bargain by maintaining their own spending on welfare. And it gives states the capacity to create jobs by taking money now used for welfare checks and giving it to employers as income subsidies, as incentives to hire people, or to create community service jobs. When combined with our proposed improvements in the minimum wage and the EITC, it means that the typical welfare recipient will be better off working than on welfare. In Colorado, for example, a mother with two children will increase her income by more than 50 percent -- from \$8,000 to \$12,600 -- even if she only works part-time at the minimum wage. Plus, she'll receive health care, Food Stamps, help in collecting child support, and child care assistance if she needs it.
- o **Protecting Children.** This new law is better for children than the two bills President Clinton vetoed. It maintains the national nutritional safety net by eliminating the Food Stamp cap and the optional block grant. It drops the deep cuts and devastating changes in school lunch, child welfare and help for disabled children. It allows states to use federal money to provide vouchers to children whose parents can't find work after the time limits expire. It helps protect children by maintaining health and safety standards for day care. It allows the 43 states with existing welfare reform demonstrations to use their own work requirements and time limits. And it preserves the national Medicaid guarantee for poor children, the disabled, pregnant women, and the elderly.
- o **Demanding responsibility.** The law requires teen parents to stay in school and live at home, and it includes the tough child support enforcement measures President Clinton proposed -- the most sweeping crackdown on deadbeat parents in history. We can now say to parents, if you don't pay the child support you owe we will garnish your wages, take away your driver's license, track you across state lines and if necessary make you work off what you owe. Over 10 years, the child support improvements in this bill will provide an additional \$24 billion for America's children.
- o **Parts of the law still need to be fixed.** Parts of the legislation are wrong, and the President has pledged to fix them. The law still cuts Food Stamps deeper than it should, mostly for working families with children who receive Food Stamps and have high shelter costs. In addition, the law includes provisions that will hurt legal immigrants, denying medical and other help to families with children who fall on hard times through no fault of their own. This Administration is committed to changing these provisions.
- o **A record of accomplishment.** Over the past three and half years, the Clinton Administration has given 43 states the flexibility they need to promote work and protect children. The Administration has also required teen mothers to stay in school and cracked down on people who owe child support and cross state lines. As a result, child support collections are up 40 percent to \$11 billion, and there are 1.6 million fewer people on welfare today than when President Clinton took office.

## Questions and Answers on Welfare Reform

August 20, 1996

Q: Isn't it true that the President only decided to sign the bill because of political concerns?

A: Not at all. This is a President who has always stood on principle. Our opponents have criticized his children's tobacco initiative, but he has not backed down. They have criticized his success at getting handguns off the street, but he has not wavered. Reforming the welfare system is something that he's always been committed to, and he believes it is important to begin changing the failed system as quickly as possible.

Overall, there is more good than bad in this bill. Child care spending, for example, is almost \$4 billion above current law. The child support enforcement provisions -- all included at the request of the Administration -- will bring in \$24 billion for America's children and free up billions more in welfare payments that can now be used for job training. This legislation makes other significant improvements over the bills the President vetoed -- it drops the deep cuts and devastating changes in foster care, adoption assistance, child abuse prevention programs, the school lunch program, and aid to disabled children.

Q: Isn't it true that all of his policy advisors recommended a veto?

A: No. Some Administration officials have expressed concerns about the final bill, but that's not new. The official letters sent to Congress have always expressed concerns.

But the Administration believes that there is more good than bad in this bill. Child care spending, for example, is almost \$4 billion above current law. The child support enforcement provisions -- all included at the request of the Administration -- will bring in \$24 billion for America's children and will free up billions more in current welfare payments that can now be used for work activities.

Every Administration official also knows that this bill is much improved from the legislation the President vetoed last year. It's still not perfect, but it's imperative that we move away from the failed status quo.

Q: But won't this bill result in more poverty? How can you say that you care about children, and still sign this bill?

A: Very few bills are perfect, and this bill does have some flaws. However, it's important to remember how many victories the President has won since he vetoed the previous bill. This legislation does not dismantle foster care, adoption assistance, child abuse prevention programs, or the school lunch program. It does not deny cash assistance to disabled children. And it includes more funding for child care.

Overall, the Administration believes that there is more good than bad in this bill. Child care spending, for example, is almost \$4 billion above current law. The child support enforcement provisions -- all included at the request of the Administration -- will bring in billions of dollars for America's children and free up billions more in welfare payments that can now be used for job training.

It's also important to remember that this Administration expanded the Earned Income Tax Credit, and convinced Congress to vote on an increase in the minimum wage. Together with the work incentives in this bill, those actions will make many low-wage families better off, and will make work a better deal than welfare. In Colorado, for example, a young mother with two children receives only \$8000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

Q: Studies, such as the Urban Institute study, have indicated that this reform package will force millions of kids into poverty. Is this true? What are you going to do ensure that it does not force children into poverty?

A: Let's not forget that millions of children and their parents are trapped in poverty now. No computer model can predict with 100 percent accuracy how individuals will respond when the system is fundamentally transformed. Under the new welfare law, people will be required to move into jobs, but they will also receive the supports they need -- like child care and health care -- to move from welfare to work. The legislation also contains tough child support enforcement measures that will increase collections by \$24 billion over ten years -- providing an enormous amount of money for children's food, clothing, and shelter.

We strongly believe that work is better than welfare. In Colorado, for example, a young mother with two children now receives only \$8000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy that includes changes in the minimum wage and the EITC, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

Q: How will the federal government monitor the states under the new program? How can the federal government ensure that recipients are protected from unfair treatment or discrimination resulting in loss of benefits?

A: Although states will receive considerable flexibility under the Personal Responsibility and Work Act of 1996, the law provides some level of federal oversight and protection for recipients from unfair treatment. The law requires states to submit plans outlining how they will implement the new provisions. These state plans must include objective criteria for delivering benefits and ensuring equitable treatment for recipients. States must also provide opportunities for recipients who have been adversely affected to be heard in a state administrative or appeal process.

In addition, the new law penalizes states that fail to meet bill requirements or misuse federal money by removing a portion of their block grant funding. States that are penalized must expend additional state funds to replace federal grant reductions.

Q: How do you justify removing the federal guarantee from women and children, particularly when the President is so far ahead in the polls? What will be the safety net for women and children who fall on hard times?

A: President Clinton signed "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996" into law because the current system is broken, and because Congress made many of the changes he sought under welfare reform. His judgement was based on policy, not politics.

The new law will provide protections for women and children who fall on hard times, including time-limited cash assistance, child care, Medicaid, Food Stamps, and nutrition assistance, while helping recipients move toward work and self-sufficiency. It also contains the toughest possible child support enforcement -- which will provide new resources for children's food, clothing, and shelter. And, unlike the vetoed bill, it maintains the open-ended federal commitment to Food Stamps, foster care, and adoption services.

Q: What makes you think this dramatic shift will make a difference?

A: As the President said, this law gives us a chance to reform our broken welfare system. The law is strong on work. It provides almost \$4 billion more for child care so that mothers can move from welfare to work, and protects their children by maintaining health and safety standards for day care. It gives states powerful performance incentives to place people in jobs. It requires states to hold up their end of the bargain by maintaining their own spending on welfare. And it gives states the capacity to create jobs by taking money now used for welfare checks and giving it to employers as income subsidies, as an incentive to hire people, or to create community service jobs. The law also includes the child support enforcement measures the President proposed two years ago -- the most sweeping crackdown on deadbeat parents in history. And it preserves the national guarantee of health care for poor children, the disabled, pregnant women, the elderly, and people on welfare.

This Administration has already given 43 states the flexibility to reward work, and created millions of new jobs. Welfare rolls have already dropped by 1.3 million since 1992, and we think that progress will continue. Finally, because of the changes we've proposed in the minimum wage and the EITC, the typical welfare recipient will be better off working -- even 20 hours per week -- than she was on welfare. In Colorado, for example, a young mother with two children receives only \$8000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

Q: The President has acknowledged the diversity of welfare recipients. Are there provisions in the bill to take into consideration the special circumstances women often face?

A: Yes. The new law enables states to allow women with children under age six to work only 20 hours per week, and exempts single parents with children under age six from the work requirements and penalties if they are unable to find child care. States can also exempt women with children under age one for a total of 12 months. In addition, the bill allows states to exempt 20 percent of welfare recipients from the time limit.

Q: How will the Administration ensure that women are aware of the exemptions they may be allowed, such as in cases of battering or abuse? What must women do to prove that they fall into these categories?

A: The law provides several avenues through which women can be made aware of any exemptions for which they may qualify. For example, states will provide this information in their state plan, which will be a public document. States will have the option to establish procedures for the screening of domestic violence situations, as well as for referral to appropriate counseling. States may also waive other program requirements (such as time limits) in such cases. For all states, we anticipate that the state plan will specify the exemptions which the state has elected. The Administration plans to issue some guidance to states on this subject.

The statute requires that states set forth objective criteria for the delivery of benefits, determination of eligibility, and for fair and equitable treatment. As part of these criteria, it must explain the administrative or appeals process which will be available to individuals adversely affected by state agency decisions. The Administration believes this provision is critical to ensuring that individuals within each state receive the benefits and protections available under the state program.

Q: Isn't it unfair that people with disabilities will be affected so adversely by this legislation? Won't the long-term impact be greater for individuals who are forced into institutions as result of being cut off from SSI?

A: Under the new law, most legal immigrants will be ineligible for SSI until citizenship. The Administration opposes this provision, and the President has pledged to fix this flaw in the bill. The Administration has proposed an alternative approach which would require sponsors to take additional responsibility for their immigrant family members, but maintain assistance for needy legal immigrants without sponsors or whose sponsors become unable to assist them.

(The law narrows SSI's definition of disability for children. However, over 95 percent of these children who would lose SSI are expected to qualify for Medicaid, through the phase-in of poverty-level children or other mechanisms).

Q: How will the children of mothers who are cut off from Food Stamps get fed?

A: Children of mothers cut-off from Food Stamps for failing to meet work requirements will continue to receive Food Stamp benefits. In those rare cases, the USDA will redetermine the families' eligibility excluding the mothers' needs in calculating total benefits. If a mother were to hit the time limit, she and her family would continue to receive Food Stamp benefits, and the Food Stamp benefits would slightly increase to offset some of the loss in cash assistance. And everyone in the family would continue to receive Medicaid.

Q: How is the additional \$4 billion for child care distributed? Who gets the money?

A: The new law increases child care funding by nearly \$4 billion over 6 years, allowing more mothers to leave welfare for work. States will receive an initial allotment each year from a fund of approximately \$1.2 billion. To access additional funds, states must maintain their own spending at 100 percent of their FY 1994 or 1995 spending on child care (whichever is higher). Additional funding will be available for state match at the 1995 Medicaid rate. By contrast, the bill the President vetoed increased child care funding by just \$300 million over current law, and did not require states to meet child care maintenance of effort requirements to access additional federal child care funding, allowing states to lower their own spending.

Q: How do the expanded child support enforcement measures work?

A: The new law includes the child support enforcement measures President Clinton proposed in 1994 -- the most sweeping crackdown on non-paying parents in history. These measures could increase child support collections by \$24 billion and reduce federal welfare costs by \$4 billion over 10 years. Provisions include:

**National new hire reporting system.** The law establishes a Federal Case Registry and National Directory of New Hires to track delinquent parents across state lines. It also requires that employers report all new hires to state agencies, which will then report to the National Directory of New Hires. The law also expands and streamlines procedures for withholding child support from wages.

**Streamlined paternity establishment.** The new law streamlines the legal process for paternity establishment, making it easier and faster to establish paternities. It also expands the voluntary in-hospital paternity establishment program, started by the Clinton Administration in 1993. Individuals who fail to cooperate with paternity establishment will have their monthly cash assistance reduced by at least 25 percent.

**Uniform interstate child support laws.** The new law provides for uniform rules, procedures, and forms for interstate cases.

**Computerized state-wide collections.** The new law requires states to establish central registries of child support orders and centralized collection and disbursement units. It also requires expedited state procedures for child support enforcement.

**Tough new penalties.** Under the new law, states can implement tough child support enforcement techniques. The new law will expand wage garnishment, allow states to seize assets, and enable states to revoke drivers and professional licenses for parents who owe delinquent child support.

**"Families First."** Under a new "Family First" policy, families no longer receiving assistance will have priority in the distribution of child support arrears. This new policy will bring families who have left welfare for work about \$1 billion in support over the first 6 years.

**Access and visitation programs.** In an effort to increase noncustodial parents' involvement in their children's lives, the new law includes grants to help states establish programs that support and

facilitate noncustodial parents' visitation with and access to their children.

Q: What are individual development accounts? Are they optional or included in every state?

A: The new law explicitly allows states to use block grant money for programs to fund individual development accounts for recipients. These accounts would not be counted as income in determining benefits, and could be used by individuals to finance a small or micro-business, to pursue post-secondary education, or to purchase their first home. Twelve states have already done something similar under waivers we've granted.

Q: Why are you still granting waivers to states? Is this a way to undermine the work requirement provisions of the new law?

A: Although most states will no longer need waivers to implement welfare reform under the new law, HHS is continuing to grant waivers to states that have requested them. Some states with pending waiver requests asked HHS to either approve the entire waiver request or to extract provisions that would apply under the fast track waiver approval process. A few states without waivers already approved or pending have also submitted applications under the fast track approval process. The Clinton Administration has already approved 78 demonstrations for 43 states, and we're continuing our commitment to state flexibility.

This is not going to undermine the work requirements in the new law. The Congressional welfare reform legislation includes a provision that would give states the option to continue their welfare reform demonstrations. Also under this provision, states would not have to follow the new legislative mandates if those features were inconsistent with the state's demonstration, which include defined work activities, time limits, etc. HHS, along with the states, is seeking to clarify the language of the bill with respect to this provision. However, it is the department's understanding that all states would have to meet the work participation rates in the legislation.

Q: How does the exemption from the time limit work? Is it 20 percent over a year or at any one time?

A: The law states that the number of exempt families for a fiscal year may not exceed 20 percent of the average monthly caseload. HHS will issue further guidance on calculation of this limit in the future. However, it is important to note that the welfare bill vetoed by the President contained only a 15 percent exemption, and the Administration worked very hard to ensure that the welfare legislation included adequate exemptions from the time limit. We believe that the 20 percent exemption in the new law is adequate.

Q: Do you have any estimates on how many states will make use of the domestic violence exemption? Does this exemption apply to the work requirements as well as to the time limit?

A: We do not have estimates on how many states will make use of the time-limit exemption, which is optional. We will have that information when the states submit their plans.

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A: We do not have estimates on how many states will make use of the time-limit exemption, which is optional. We will have that information when the states submit their plans.

The law does not include a specific exemption from the work requirements. However, the bill does allow states to waive program requirements for victims of domestic violence, and allows states to exempt 20 percent of welfare recipients from the time limit. States may also take this factor into consideration in developing individual responsibility plans and in making decisions about how to reach the participation rates specified in the bill.

Q: Now that Medicaid will be separate from AFDC, how will the Medicaid eligibility be determined? What will happen to the families who are no longer eligible for AFDC under the new system?

A: President Clinton insisted that welfare reform not end guaranteed health care coverage for pregnant women, poor children, the disabled, and the elderly -- and the new law preserves the Medicaid guarantee. In general, individuals who would have been eligible for Medicaid before welfare reform will still be eligible for Medicaid under the new law. In addition, families that lose cash assistance eligibility due to the time limit will remain eligible for Medicaid. The new law also provides one year of transitional Medicaid for families that leave welfare because of increased earnings, and maintains the current law provision of four months of transitional Medicaid for families who leave welfare due to increased child support.

States do have the option to end Medicaid coverage for some adults -- except pregnant women -- who lose their cash assistance eligibility because they failed to meet work requirements. (This is similar to current law, which denies Medicaid to adult recipients who refuse to cooperate with paternity establishment). However, children will retain Medicaid eligibility even if their mother is deemed ineligible.

Q: In the past, SSI has been the gateway for certain individuals to receive Medicaid and Food Stamps. Will those deemed ineligible for SSI under the new legislation still be eligible for Medicaid or Food Stamps?

A: For current legal immigrants, states have the option to eliminate Medicaid assistance along with SSI, but we don't expect states to do so. Immigrants who arrive in the future will be barred from Medicaid for five years. The President opposes these provisions, and will work to change them. As the President said, "This provision has nothing to do with welfare reform; it is simply a budget-saving measure, and it is not right ... I am convinced when we send legislation to Congress to correct it, it will be corrected." In any case, immigrants will still be eligible for emergency medical assistance and other limited kinds of care, such as immunizations.

The law narrows SSI's definition of disability for children. However, over 95 percent of these children who would lose SSI are expected to qualify for Medicaid, through the phase-in of poverty-level children or other mechanisms.

Q: How will this legislation impact legal immigrants and when?

A: Under the new law, most legal immigrants will be ineligible for SSI and Food Stamps until citizenship. Current recipients may lose eligibility for these programs immediately at the time of regular redetermination for eligibility. States have the option to make most current legal immigrants ineligible for Medicaid, AFDC, Title XX Social Services, and state-funded assistance until citizenship. Future immigrants will be ineligible for five years for most federal means-tested programs, including Medicaid, but these immigrants will be eligible for Head Start and the Job Training Partnership Act.

All applicants for most federal, state, and local programs will be subject to new verification requirements to determine if they are "qualified" or "non-qualified." Qualified immigrants will include legal permanent residents, refugees, asylees, immigrants whose deportation has been withheld, and immigrants who have been granted parole status by the INS for a period of one year. Non-qualified immigrants would be ineligible for benefits (except emergency medical, school lunches/breakfasts if they are eligible for a free public education, short-term disaster, limited public health assistance, non-profit, in-kind community services such as shelters and soup kitchens, and certain housing benefits).

Future sponsors and immigrants would be required to sign new, legally binding affidavits of support. For these future immigrants, the new law extends deeming to citizenship, changes deeming to count 100 percent of a sponsor's income and resources, and expands the number of programs that are required to deem, including Medicaid.

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Q: When will you propose legislation to reverse the discrimination against legal immigrants? What will that legislation look like? Where will the funding come from to provide assistance for these individuals?

A: The President has said that he will work to fix the Food Stamp and legal immigrant problems in the bill, and the Administration is working on legislative proposals to remedy these flaws. We do not have a timeline yet for this process, but we'll work with Congress and the states to get it done. On immigrants, the Administration has proposed an approach which would require sponsors to take additional responsibility for their immigrant family members, but maintain assistance for needy legal immigrants without sponsors or whose sponsors become unable to assist them. This proposal would still have savings over current law.

Q: One hundred and twenty-three Democratic members of Congress supported this package. Did they understand the impact of the provisions affecting legal immigrants, and did they support these provisions, or did they support the bill in spite of those provisions?

A: Democrats and Republicans voted for this legislation because they know that the current welfare system is broken and must be fixed. Like the President, many members of Congress are concerned about the provisions affecting legal immigrants, and they are supportive of the Administration's plan to fix this flaw in the law. Let's remember that this bill is much better than what the President vetoed. That legislation was soft on work and tough on children. It failed to provide adequate child care and health care. It imposed deep and unacceptable cuts in school lunches, child welfare, and help for disabled children. The bill came to President Clinton twice and he vetoed it twice. This new legislation is much improved. Congress has removed many of the worst elements the President objected to, and has included many of the improvements the President called for.

Q: What specifically is the Administration planning to do to address the flaws in the legislation? And when? What about the AFDC portion of the legislation?

A: The President has said that he will work to fix the Food Stamp and legal immigrant problems in the bill, and the Administration is working on legislative proposals to remedy these flaws. We do not have a timeline yet for this process, but we'll work with Congress and the states to get it done. In terms of the AFDC provisions, states will be able to use their block grant funds, which initially provide most states with more resources than they currently receive, to move people into jobs and help employers create new positions for welfare recipients. Additional child care funding, new resources from child support enforcement, and the guarantee of nutrition assistance, foster care and adoption services, and health care coverage will work together to help families move from dependence to self-sufficiency. We will closely monitor the states to be sure that they are rewarding work and meeting the goals of the legislation. This new law gives states powerful performance incentives to place people in jobs. We also know that 43 states are already promoting work and protecting children under welfare waivers granted by the Clinton Administration.

Remember, the minimum wage and EITC changes we've fought for will make work pay. In Colorado, for example, a young mother with two children receives only \$8000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

Q: When does the new welfare system take effect?

A: The new law goes into effect on July 1, 1997. States are required to submit plans by that date detailing how they will meet the law's provisions, and these plans will be reviewed for completeness by HHS. Upon completion of their plans, states will be able to draw down block grant funds.

Q: How will states address such needs as transportation and job training? Where will the resources come from?

A: Most states will initially receive more funding under the cash assistance block grant than they currently receive -- resources that will enable states to provide transportation, job training, and other work-related services to move people from welfare to work. And, as rolls continue to shrink, states will also be able to use money now used for welfare checks to provide these work-related services, community service jobs, or income subsidies for employers to hire people.

Q: What is the President's position on Senator Wellstone's resolution calling for a continued safety net for battered women? This did not pass as part of the welfare reform bill -- will the President work to have it reintroduced as legislation when Congress comes back into session?

A: The Administration has not yet decided what would be included in a legislative package to improve the welfare legislation Congress passed.

Q: How will you protect teen mothers who are required to live at home but are at risk of being sexually, physically, or emotionally abused in those settings?

A: The law requires teen parents to live at home or in an adult-supervised setting in order to receive assistance. States will be required to locate alternative living arrangements for those teens who may be at risk of abuse in their homes.

Q: There is a two-year limit for women to find jobs -- where will these jobs come from?

A: This bill gives states the ability to create jobs by taking money now used for welfare checks and give it to employers as income subsidies, as an incentive to hire people, or to create community service jobs. It also builds on the reforms taking place in 43 states under waivers granted by the Clinton Administration. Some of these states are securing private sector jobs for welfare recipients by providing wage subsidies and forging new private/public sector partnerships. In other states, employers are providing work place mentoring for participants and contributing to special accounts that recipients can later use to increase their education and training. The new law requires that adults be engaged in work activities within two years, but allows states some flexibility in defining those activities. Private sector jobs, volunteer activities, and community service jobs all count as "work," and welfare recipients initially have to work only 20 hours per week to meet the requirements.

Q: Some Democrats have said that this legislation is just the beginning of needed reforms to the welfare system. Do you agree? What do you plan to do to build on this, and when?

A: This welfare legislation is a critical step in transforming our broken welfare system into one that requires work and promotes parental responsibility. The new law will make sweeping changes to the welfare system -- through time limits, work requirements, child care resources, and the toughest ever child support enforcement. When combined with an increased minimum wage and the EITC,

we expect that it will make a fundamental difference in moving people from welfare to work. In Colorado, for example, a young mother with two children now receives only \$8000 a year in welfare and Food Stamps, and she may never be encouraged to look for work and become independent. But with our new strategy, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

The President is also planning to take other steps to increase the availability of jobs for welfare recipients, which he will announce soon.

Q: Did you speak with the people who will be affected most by these changes?

A: The President and other members of the Administration have met with welfare recipients to discuss their experiences and ways to best change the system. The President also met with welfare recipients at the Blair House meeting on welfare reform last year. As the President said in his 1995 State of the Union Address, "I may be the only President who has had the opportunity to sit in a welfare office, who's actually spent hours and hours taking to people on welfare. And I am telling you, the people who are trapped on it know it doesn't work."

Q: For those who have not completed high school, lack sufficient language skills and are functionally illiterate, what kind of work can they expect to get?

A: The new law requires that adults be engaged in work activities within two years, but allows states some flexibility in defining those activities. Private sector jobs, volunteer activities, and community service jobs all count as "work," and welfare recipients initially have to work only 20 hours per week to meet the requirements. We strongly believe that work is better than welfare. In Colorado, for example, a young mother with two children now receives only \$8000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy that includes changes in the minimum wage and the EITC, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

Q: Will children of legal immigrants be denied school lunches under the new law?

A: All children, including those of legal immigrants, who are eligible for public school will continue to receive free school breakfasts and lunches under the new law.

Q: How does this reform affect public housing?

A: This new law does not affect public housing -- the Clinton Administration is maintaining our investment in housing for poor families. Poor families will also continue to receive Medicaid and Food Stamp benefits under the law.

Q: Who will create and fund the needed job training programs?

A: Most states will initially receive more funding under the cash assistance block grant than they currently receive -- resources that will enable states to provide transportation, job training, and other work-related services to move people from welfare to work. And, as rolls continue to shrink, states will also be able to use money now used for welfare checks to provide these work-related services, community service jobs, or income subsidies for employers to hire people.

Q: The social services agencies that deal with child abuse and neglect, teen pregnancy, and juvenile crime, are already overwhelmed. Will this legislation result in an increased need for these services without providing funding?

A: This legislation preserves the foster care, adoption, child welfare, and family preservation programs - the federal government and the states will continue to work to meet the needs of children and families at risk. In addition, the legislation contains new funds for teen pregnancy prevention and abstinence programs, and it requires at least 25 percent of communities to have teen pregnancy prevention programs in place.

Q: If corporate America has been laying off employees and downsizing, and the job market is filled with skilled laborers, how will unskilled workers fit in?

A: Since taking office, the Clinton Administration has created 10 million new jobs and provided new employment opportunities for workers of various skill levels. And, as welfare rolls continue to shrink, states will be able to use money now used for welfare checks to provide work-related services, community service jobs, or income subsidies for employers to hire welfare recipients.

## Work Will Pay More Under Welfare Reform

### People On Welfare Who Work Will Be Better Off

Because of the changes we've proposed in the minimum wage and the EITC, the typical welfare recipient will be better off working -- even 20 hours per week -- than she was on welfare.

In Colorado, for example, a young mother with two children receives only \$8000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy, she will increase her income by more than 50 percent - - to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

### People Who Move From Welfare To Work Will Be Better Off

Because of the EITC and minimum wage increase, single parents who are already working will also be better off. A woman working 20 hours a week will see her take-home pay increase from \$10,000 to \$12,600. And a woman working full-time will see her earnings increase from \$12,680 to \$15,700 -- an increase of 25 percent.

	VETOED BILL	CURRENT BILL
Guaranteed Medicaid	NO	YES
Block Grants Food Stamps	YES	NO
Block Grants Foster Care	YES	NO
Cuts Funding for Foster Care	YES	NO
Block Grants Adoption Assistance	YES	NO
Cuts Funding for Adoption Assistance	YES	NO
Cuts Funding for Investigation of Child Abuse	YES	NO
20% Exemption From Time Limit	NO	YES
Adequate Child Care Funding	NO	YES
Child Care Health and Safety Standards	NO	YES
80% Maintenance of Effort Required	NO	YES
Teens Required to Live at Home	YES	YES
Performance Bonus for States	NO	YES
Child Support Enforcement	YES	YES
Cuts Cash Assistance by 25% for Some Disabled Children	YES	NO

August 1996

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### The Personal Responsibility and Work Opportunity Reconciliation Act of 1996

On August 22, President Clinton signed into law "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996," a comprehensive bipartisan welfare reform plan that will dramatically change the nation's welfare system into one that requires work in exchange for time-limited assistance. The bill contains strong work requirements, a performance bonus to reward states for moving welfare recipients into jobs, state maintenance of effort requirements, comprehensive child support enforcement, and supports for families moving from welfare to work -- including increased funding for child care and guaranteed medical coverage.

Highlights of "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996" follow.

#### **MAKING WELFARE A TRANSITION TO WORK**

- o **Work requirements.** Under the new law, recipients must work after two years on assistance, with few exceptions. Twenty-five percent of all families in each state must be engaged in work activities or have left the rolls in fiscal year (FY) 1997, rising to 50 percent in FY 2002. Single parents must participate for at least 20 hours per week the first year, increasing to at least 30 hours per week by FY 2000. Two-parent families must work 35 hours per week by July 1, 1997.
- o **Supports for families transitioning into jobs.** The new welfare law provides \$14 billion in federal child care funding -- an increase of \$3.5 billion over current law -- to help more mothers move into jobs. The new law also guarantees that women on welfare continue to receive health coverage for their families, including at least one year of transitional Medicaid when they leave welfare for work.
- o **Work Activities.** To count toward state work requirements, recipients will be required to participate in unsubsidized or subsidized employment, on-the-job training, work experience, community service, 12 months of vocational training, or provide child care services to individuals who are participating in community service. Up to 6 weeks of job search (no more than 4 consecutive weeks) would count toward the work requirement. However, no more than 20 percent of each state's caseload may count toward the work requirement solely by participating in vocational training or by being a teen parent in secondary school. Single parents with a child under 6 who cannot find child care cannot be penalized for failure to meet the work requirements. States can exempt from the work requirement single parents with children under age one and disregard these individuals in the calculation of participation rates for up to 12 months.

- o **A five-year time limit.** Families who have received assistance for five cumulative years (or less at state option) will be ineligible for cash aid under the new welfare law. States will be permitted to exempt up to 20 percent of their caseload from the time limit, and states will have the option to provide non-cash assistance and vouchers to families that reach the time limit using Social Services Block Grant or state funds.
- o **Personal employability plans.** Under the new plan, states are required to make an initial assessment of recipients' skills. States can also develop personal responsibility plans for recipients identifying the education, training, and job placement services needed to move into the workforce.
- o **State maintenance of effort requirements.** The new welfare law requires states to maintain their own spending on welfare at at least 80 percent of FY 1994 levels. States must also maintain spending at 100 percent of FY 1994 levels to access a \$2 billion contingency fund designed to assist states affected by high population growth or economic downturn. In addition, states must maintain 100 percent of FY 1994 or FY 1995 spending on child care (whichever is greater) to access additional child care funds beyond their initial allotment.
- o **Job subsidies.** The law also allows states to create jobs by taking money now used for welfare checks and using it to create community service jobs or to provide income subsidies or hiring incentives for potential employers.
- o **Performance bonus to reward work.** \$1 billion will be available through FY 2003 for performance bonuses to reward states for moving welfare recipients into jobs. The Secretary of HHS, in consultation with the National Governors' Association (NGA) and American Public Welfare Association (APWA), will develop criteria for measuring state performance.
- o **State flexibility.** Under the new law, states which receive approval for welfare reform waivers before July 1, 1997 have the option to operate their cash assistance program under some or all of these waivers. For states electing this option, some provisions of the new law which are inconsistent with the waivers would not take effect until the expiration of the applicable waivers in the geographical areas covered by the waivers.

## PROMOTING RESPONSIBILITY

**Comprehensive child support enforcement.** The new law includes the child support enforcement measures President Clinton proposed in 1994 -- the most sweeping crackdown on non-paying parents in history. These measures could increase child support collections by \$24 billion and reduce federal welfare costs by \$4 billion over 10 years. Under the new law, each state must operate a child support enforcement program meeting federal requirements in order to be eligible for Temporary Assistance to Needy Families (TANF) block grants. Provisions include:

- o **National new hire reporting system.** The law establishes a Federal Case Registry and National Directory of New Hires to track delinquent parents across state lines. It also requires that employers report all new hires to state agencies for transmittal of new hire information to the National Directory of New Hires. This builds on President Clinton's June 1996 executive action to track delinquent parents across state lines. The law also expands and streamlines procedures for direct withholding of child support from wages.

- o **Streamlined paternity establishment.** The new law streamlines the legal process for paternity establishment, making it easier and faster to establish paternities. It also expands the voluntary in-hospital paternity establishment program, started by the Clinton Administration in 1993, and requires a state form for voluntary paternity acknowledgement. In addition, the law mandates that states publicize the availability and encourage the use of voluntary paternity establishment processes. Individuals who fail to cooperate with paternity establishment will have their monthly cash assistance reduced by at least 25 percent.
- o **Uniform interstate child support laws.** The new law provides for uniform rules, procedures, and forms for interstate cases.
- o **Computerized state-wide collections.** The new law requires states to establish central registries of child support orders and centralized collection and disbursement units. It also requires expedited state procedures for child support enforcement.
- o **Tough new penalties.** Under the new law, states can implement tough child support enforcement techniques. The new law will expand wage garnishment, allow states to seize assets, require community service in some cases, and enable states to revoke drivers and professional licenses for parents who owe delinquent child support.
- o **"Families First."** Under a new "Family First" policy, families no longer receiving assistance will have priority in the distribution of child support arrears. This new policy will bring families who have left welfare for work about \$1 billion in support over the first six years.
- o **Access and visitation programs.** In an effort to increase noncustodial parents' involvement in their children's lives, the new law includes grants to help states establish programs that support and facilitate noncustodial parents' visitation with and access to their children.

### Teen Parent Provisions

- o **Live at home and stay in school requirements.** Under the new law, unmarried minor parents will be required to live with a responsible adult or in an adult-supervised setting and participate in educational and training activities in order to receive assistance. States will be responsible for locating or assisting in locating adult-supervised settings for teens.
- o **Teen Pregnancy Prevention.** Starting in FY 1998, \$50 million a year in mandatory funds would be added to the appropriations of the Maternal and Child Health (MCH) Block Grant for abstinence education. In addition, the Secretary of HHS will establish and implement a strategy to (1) prevent non-marital teen births, and (2) assure that at least 25 percent of communities have teen pregnancy prevention programs. No later than January 1, 1997, the Attorney General will establish a program that studies the linkage between statutory rape and teen pregnancy, and that educates law enforcement officials on the prevention and prosecution of statutory rape.

## IMPROVEMENTS OVER THE VETOED BILL

President Clinton vetoed the previous welfare reform bill (H.R. 4) submitted by Congress because it did too little to move people into jobs and failed to provide the supports -- like child care and health care -- that families need to move from welfare to work. "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996" includes several improvements over the vetoed bill, including:

- o **Guaranteed medical coverage.** The new law preserves the national guarantee of health care for poor children, the disabled, pregnant women, the elderly, and people on welfare. H.R. 4 would have ended the guarantee of Medicaid coverage for cash assistance recipients.
- o **Increased child care funding and mandatory child care maintenance of effort.** The new law provides \$14 billion in child care funding -- an increase of \$3.5 billion over 6 years -- allowing more mothers to leave welfare for work. States will receive an initial allotment each year from a fund of approximately \$1.2 billion. To access additional funds, states must maintain their own spending at 100 percent of their FY 1994 or 1995 spending on child care (whichever is higher). By contrast, H.R. 4 increased child care funding by just \$300 million over current law, and did not require states to meet child care maintenance of effort requirements to access additional federal child care funding, allowing states to lower their own spending.
- o **Incentives for states to move people into jobs.** The new law includes a \$1 billion performance bonus to reward states that meet performance targets. H.R. 4 did not contain a cash performance bonus.
- o **Preservation of nutrition programs.** H.R. 4 would have given states the option of block granting food stamp benefits. The bill would have also capped federal food stamp program expenditures, limiting maximum benefit increases to 2 percent per year, regardless of growth in need for assistance. The new law maintains the national nutritional safety net by eliminating the block grant option as well as the food stamp cap.
- o **Current law child protection and adoption.** Unlike H.R. 4, the new plan maintains current law on child protection and adoption, and does not reduce funds for child welfare, child abuse, foster care and adoption services.
- o **Improved contingency fund.** The new law includes a \$2 billion contingency fund to protect states in times of population growth or economic downturn. H.R. 4 included a \$1 billion contingency fund.
- o **Current law child care health and safety standards.** The new law protects children by maintaining health and safety standards for day care. H.R. 4 would have eliminated health and safety protections.
- o **Protection of disabled children.** H.R. 4 would have cut SSI by 25 percent for many disabled children. The new law eliminates this proposed two-tier system.
- o **Optional family cap.** Under the new law, states have the option to implement a family cap. H.R. 4 required states to deny cash benefits to children born to welfare recipients unless the state legislature explicitly voted to provide benefits.

## NECESSARY IMPROVEMENTS

President Clinton has stated that the new law requires several improvements. Specifically, he has pledged to fix two provisions of the welfare bill which he believes have nothing to do with welfare reform.

- o **Food Stamps.** According to President Clinton, the new law cuts deeper than it should in nutritional assistance by capping the excess shelter deduction, which helps some of America's hardest-pressed working families.
- o **Legal Immigrants.** The law includes provisions that would deny most forms of public assistance to most legal immigrants for five years or until they attain citizenship. The President has said that immigrant children and disabled immigrants who need help should get it.

## BUILDING ON THE PRESIDENT'S WORK TO END WELFARE AS WE KNOW IT

Even before Congress passed welfare reform legislation acceptable to President Clinton, states were acting to try new approaches. With encouragement, support, and cooperation from the Clinton Administration, 43 states have moved forward with 78 welfare reform experiments. The Clinton Administration has also required teen mothers to stay in school, required federal employees to pay their child support, and cracked down on people who owe child support and cross state lines. As a result of these efforts and President Clinton's efforts to strengthen the economy, child support collections have increased by 40 percent to \$11 billion in FY 1995, and there are 1.6 million fewer people on welfare today than when President Clinton took office. "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996" will build on these efforts by allowing states flexibility to reform their welfare systems and to build on demonstrations initiated under the Clinton Administration.

## COMPARISON OF WELFARE REFORM MAJOR PROVISIONS

<b>AFDC - RELATED PROVISIONS</b>			
	<b>ORIGINAL HOUSE BILL</b>	<b>VETOED BILL (H.R. 4)</b>	<b>CURRENT BILL</b>
<b>Child Care</b>	A child care block grant would be authorized at \$2.1 billion annually as discretionary spending for FYs 1996 through 2000. Overall, child care would be cut by \$1.95 billion over 7 years.	Increases mandatory child care funding over current law by \$0.3 billion over six years (April 1996 CBO baseline). Authorizes \$9.9 billion in mandatory funding for FYs 1997-2002 and \$7 billion in discretionary funding for FYs 1996-2002. States would receive approximately \$1 billion of the mandatory funds as a capped entitlement. The remainder would be available for state match (at the Medicaid rate). Requires states to maintain 100 percent of FY 1994 child care expenditures to draw down mandatory funds. No child care guarantee, but single parents with children under six who are unable to find child care are exempted from sanctions and penalties. Eliminates health and safety protections.	Increases mandatory funding over current law by \$3.5 billion over 6 years (April 1996 CBO baseline). Authorizes a total of \$13.9 billion in mandatory funding for FYs 1997-2002 and \$7 billion in discretionary funding for FYs 1996-2002. States would receive approximately \$1.2 billion of the mandatory funds each year as a capped entitlement. The remainder would be available for state match. Requires states to maintain 100 percent of FY 1994 or FY 1995 child care expenditures (whichever is greater) to draw down (at 1995 Medicaid rate) the mandatory funds. Single parents with children under 6 who are unable to find child care are exempted from sanctions and penalties. Maintains current law health and safety protections.
<b>Performance Bonus to Reward Work</b>	No provision	No provision. States that exceeded a performance threshold with respect to these measures would have their maintenance of effort standard reduced by up to 8 percentage points.	\$1 billion would be available through FY 2003 for performance bonuses. The Secretary of HHS (in consultation with the NGA and APWA), would be required to develop a formula measuring state performance using employment-related criteria, taking the unemployment conditions in the state into account. States would receive a bonus based on their score on the measure(s) in the previous year, but the bonus could not exceed 5 percent of the family assistance grant.
<b>Time Limits</b>	Families who have been on the rolls for 5 cumulative years (or less at state option) would be ineligible for cash aid. States would be permitted to exempt up to 10% of the caseload from the time limit. States would be permitted to provide noncash benefits to families that have reached their time limits.	Families who have been on the rolls for 5 cumulative years (or less at state option) would be ineligible for cash aid. States would be permitted to exempt up to 15% of the caseload from the time limit. States are permitted to use block grant funds provide noncash benefits vouchers to families that are time limited.	Same as vetoed bill, except includes a 20 percent exemption and states would not be permitted to use federal funds to provide noncash assistance to families that reach the time limit. States could use their own funds, and federal Title XX funds, for vouchers.
<b>Personal Responsibility Contract</b>	No provision	No provision	States are required to make an initial assessment of each recipient's skills, work experience, and employability. Personal responsibility contracts could be developed at state option.

	ORIGINAL HOUSE BILL	VETOED BILL (H.R. 4)	CURRENT BILL
<b>Economic Contingency Grant Fund</b>	No contingency fund. States with high unemployment could borrow from a \$1 billion national Rainy Day loan fund. Funds would have to be repaid.	The bill includes \$1 billion contingency fund (FYs 1997-2000) for grants to states with high unemployment (state must match): payments from the fund for any fiscal year would be limited to 20 percent of the state's base grant. \$800 million grant fund for states with high population growth, benefits lower than 35% of the national average, or above average growth and below average AFDC benefits (no state match); and \$1.7 billion loan fund.	Adds \$1 billion to the contingency fund for a total of \$2 billion. States could meet one of two triggers to access the contingency fund: the unemployment trigger in the H.R. 4 Conference Agreement or a trigger based on food stamps. Under the second trigger, a state would be eligible for the contingency fund if its food stamps caseload increased by 10 percent over the FY 1994-95 level (adjusted for the impact of the bill's immigrant and food stamp provisions on the food stamp caseload). Payments from the fund for any fiscal year would be limited to 20 percent of the state's base grant for that year. A state's federal match rate (for drawing down contingency funds) would be reduced if it received funds for fewer than 12 months in any year. Also includes a supplemental fund for high population growth states and loan fund as in H.R. 4 Conference Agreement.
<b>Block Granting AFDC</b>	Block grants AFDC, EA, and JOBS into a single capped entitlement to states. No individual guarantee of assistance.	Block grants AFDC, EA, and JOBS into a single capped entitlement to states. No individual guarantee of assistance.	Block grants AFDC, EA, and JOBS into a single capped entitlement to states. No individual guarantee, but the state plan must have objective criteria for delivery of benefits and ensuring equitable treatment.  The state must provide opportunities for recipients who have been adversely affected to be heard in a state administrative or appeal process. There are no provisions to give the Secretary authority to enforce this provision.  Explicitly allows states to use block grant money for programs to fund individual development accounts for recipients. Individual development accounts would not be counted as income in determining benefits, and could be used by individuals to finance a small or micro-business, to pursue post-secondary education, or to purchase their first home.
<b>Maintenance of Effort</b>	No provision	States would be required to maintain 75% of FY 1994 spending on AFDC and related programs for FYs 1996-2000. States with best or most improved performance on specified measures would have their maintenance of effort requirement reduced by up to 8 percentage points.	Requires 80 percent maintenance of effort (reduced to 75 percent if a state meets its work requirements) and tightens the definition of what counts toward the work requirement. No additional reductions in MOE.

	ORIGINAL HOUSE BILL	VETOED BILL (H.R. 4)	CURRENT BILL
<b>Transferability</b>	A state would be permitted to transfer up to 30 percent of the cash assistance block grant to one or more of the following: the child protection block grant, the Title XX block grant, any food or nutrition block grant, or the child care block grant.	A state would be permitted to transfer up to 30 percent of the cash assistance block grant to one or more of the following: the child protection block grant, the Title XX block grant, or the child care block grant.	A state would be permitted to transfer up to 30 percent of the cash assistance block grant to the child care block grant and the social services (Title XX) block grants. No more than one-third of the amount can be transferred to the social services block grant, and all funds must be spent on programs and services for children and families with incomes that do not exceed 200 percent of poverty. Title XX funds can be used for vouchers.

	ORIGINAL HOUSE BILL	VETOED BILL (H.R. 4)	CURRENT BILL
<p><b>Work Requirements</b></p>	<p>A state's required work participation rate would be set at 10% in 1996, rising to 50% by 2003. Provides pro rata reduction in the participation rate for reductions in caseload levels below FY 1995 that are not due to federal law. Individuals must work an average of 35 hours in FY 2002. Work activities include unsubsidized or subsidized employment, work experience, four weeks of job search, education and skills training directly related to employment, and teens in secondary school.</p>	<p>A state's required work participation rate would be set at 15% in 1996, rising to 50% by 2002. Provides pro rata reduction in the participation rate for reductions in caseload levels below FY 1995 that are not due to eligibility changes. Recipients would be required to participate 35 hours per week by FY 2002. Activities that count toward the work requirement include unsubsidized and subsidized employment, work experience, community service, four weeks of job search and 12 months of vocational training. States have the option to exempt single parents with children under age 1 from work requirement. No part-time work option for mothers with young children. Parents of children under six who cannot find child care cannot be penalized for failure to meet work requirements.</p>	<p>A state's required work participation rate for all families would be set at 25 percent in FY 1997, rising to 50 percent in FY 2002 and thereafter. Includes pro-rata reduction in rate due to caseloads below FY 1995 levels. Single-parent recipients would be required to participate 30 hours per week in FY 2000 and thereafter. Two-parent families must work 35 hours per week immediately. In families receiving federally-funded child care, both parents must work at least 20 hours per week, unless caring for a severely disabled child. The bill allows mothers with children under age 6 to work 20 hours per week. States could exempt from the work requirement single parents with children under age one for a total of 12 months (not necessarily consecutive). Parents of children under age 6 who cannot find child care cannot be penalized for failure to meet the work requirements, but states may not disregard such an adult in calculating work rates. Allows 6 weeks (no more than 4 consecutive) of job search, 12 weeks if state unemployment is at least 50 percent above the national average.</p> <p>Activities that count toward the work requirement are similar to those in H.R. 4, except states could allow 20 percent of caseload to count 12 months of vocational training and secondary school for teens (up to age 19) toward work requirement. Also counts hours parents spend providing day care for other welfare families.</p> <p>States which receive approval for welfare reform waivers before July 1, 1997 have the option to operate their cash assistance program under some or all of these waivers. For states electing this option, some provisions of the new law which are inconsistent with the waivers would not take effect until the expiration of the applicable waivers in the geographical areas covered by the waivers.</p>
<p><b>Family Cap</b></p>	<p>States could not use federal funds to provide cash benefits to children born while parent is receiving assistance.</p>	<p>States would be required to deny cash benefits to children born to welfare recipients unless the state legislature explicitly votes to provide benefits.</p>	<p>No provision (due to Byrd rule), so state option. If state has family cap, state may use Title XX funds to provide vouchers.</p>

	ORIGINAL HOUSE BILL	VETOED BILL (H.R. 4)	CURRENT BILL
<b>Teen Parent Provisions</b>	States would be prohibited from providing cash benefits to minor mothers.	<p>In order to receive assistance, unmarried minor parents would be required to live with an adult or in an adult-supervised setting and participate in educational or training activities.</p> <p>For FYs 1996-2000, an additional \$11 billion would be authorized to assist states in locating or providing "second chance homes."</p> <p>\$75 million per year would be set aside from the Maternal and Child Health (MCH) Block Grant for an abstinence education program.</p>	<p>In order to receive assistance, unmarried minor parents would be required to live with an adult or in an adult-supervised setting and participate in educational or training activities. In addition, states would be responsible for locating or assisting in locating adult-supervised settings for teens. Starting in FY 1998, \$50 million a year in mandatory funds would be added to the appropriations of the Maternal and Child Health (MCH) Block Grant for abstinence education. In addition, the Secretary of HHS will establish and implement a strategy to (1) prevent non-marital teen births, and (2) assure that at least 25 percent of communities have teen pregnancy prevention programs. No later than 1/1/97, the Attorney General would establish a program that studies the linkage between statutory rape and teen pregnancy, and that educates law enforcement officials on the prevention and prosecution of statutory rape.</p>

<b>MEDICAID PROVISIONS</b>			
	<b>ORIGINAL HOUSE BILL</b>	<b>VETOED BILL (H.R. 4)</b>	<b>CURRENT BILL</b>
<b>Medicaid Guarantee</b>	<p><b>Welfare Bill:</b> States would be required to use rules in effect as of March 7, 1995, thus freezing pre-welfare reform AFDC rules for Medicaid eligibility.</p> <p><b>Medicaid Bill:</b> Eliminates guarantee of Medicaid coverage for cash assistance recipients.</p>	Eliminates guarantee of Medicaid coverage for cash assistance recipients.	States have two options for providing Medicaid coverage: 1) States may guarantee coverage for individuals and families in accord with current AFDC income and resource standards; or 2) states may run a single eligibility system provided that eligibility is no more restrictive than the income and resource standards in effect as of July 16, 1996. (Note: for both provisions, states may return to May 1, 1988 standards as allowed under current law). States may deny Medicaid to any adult receiving both Medicaid and benefits under the cash benefits whose benefits are terminated because of failure to meet work requirements.
<b>Medicaid Coverage After Five-Year Time Limit</b>	<p><b>Welfare Bill:</b> Requires states to use state plan provisions in effect on March 1, 1995 to determine Medicaid eligibility.</p> <p><b>Medicaid Bill:</b> States determine eligibility; no guarantee of Medicaid coverage.</p>	States determine eligibility; no guarantee of Medicaid coverage. No provision on Medicaid coverage for families that reach the time limit.	Coverage continues as long as families would have qualified for AFDC under July 16, 1996 rules.
<b>One-Year Transitional Medicaid Coverage</b>	No provision. Transitional Medicaid Assistance is therefore allowed to sunset on 9/30/98 per current law.	No provision	Families receive one year of transitional Medicaid if the family leaves welfare because of increased earnings. Maintains current law of providing transitional Medicaid for four months to families who leave welfare due to increased child support. Provisions are extended through 2002.

**FOOD STAMPS PROVISIONS**

	<b>ORIGINAL HOUSE BILL</b>	<b>VETOED BILL (H.R. 4)</b>	<b>CURRENT BILL</b>
<b>Food Stamps</b>	<p>The House bill would cap federal program expenditures regardless of growth. The bill would limit maximum benefit increases to 2% per year, regardless of the increase in food costs. It would terminate benefits for non-disabled childless individuals between 18 and 50 years old unless they are working at least half-time or in a work program. Optional food stamp block grant would be available to states that operate a statewide EBT system. The bill would freeze the standard income deduction and the limit on excess shelter expense deductions at their current levels.</p>	<p>The conference bill disqualifies able-bodied adults between 18 and 50 if they received food stamps for more than four months in the last year and did not work or participate in a work program, unless they live in an area with greater than 10 percent unemployment. An optional food stamp block grant would be available to states that have a fully implemented EBT system or meet certain payment accuracy standards. States choosing block grants would be required to meet specified requirements.</p>	<p>Eliminates the block grant option. Limits childless able-bodied adults between 18 and 50 to three months of food stamp benefits in a 36-month period, unless they were laid off, in which case the exemption is for a total of 6 months. Allows two months of job search or job search training and hardship exemptions for up to 20 percent of persons subject to this requirement. Freezes the cap on the shelter deduction at \$342 after 1/1/97 and reduces the standard deduction to \$132 in FY 1997 and \$122 in FY 1998-2002; indexing of standard resumes afterward.</p>

## OTHER PROVISIONS

	ORIGINAL HOUSE BILL	VETOED BILL (H.R. 4)	CURRENT BILL
<b>Child Nutrition</b>	Replaces child nutrition programs operated outside of schools, WIC, and commodity distribution programs with a block grant to states. Creates a separate block grant to states for school-based child nutrition programs. These provisions would result in cuts of \$10 billion over 7 years.	No mandatory child nutrition block grants, but permits up to 7 school nutrition block grant demonstrations. WIC remains a separate program. Child nutrition spending would be reduced by about \$6.3 billion over 7 years.	No school nutrition block grant.
<b>Child Support</b>	Includes major comprehensive child support enforcement measures proposed by the Clinton Administration, including paternity establishment, state central registries of child support orders, uniform procedures for interstate cases, and penalties such as license revocation. Eliminates the \$50 pass-through of child support to cash assistance recipients.	Includes major comprehensive child support enforcement measures proposed by the Clinton Administration, including paternity establishment, state central registries of child support orders, uniform procedures for interstate cases, and penalties, such as license revocation. Eliminates \$50 pass-through of child support to cash assistance recipients.	Similar to vetoed bill, except it eliminates a provision in current law which requires that child support awards in AFDC cases be periodically reviewed and adjusted to ensure that awards are adequate. Also includes a minimum reduction of 25 percent of monthly cash assistance for an individual's failure to cooperate with paternity establishment.
<b>SSI For Children</b>	Children who are now eligible for SSI under the medical listings would continue to receive cash benefits and Medicaid. For applicants after enactment, cash benefits would only be available for children who meet the medical listing and are institutionalized or would be institutionalized if they do not receive personal assistance services required because of their disability. All children who meet the medical listings would be eligible for services under a state block grant funded at 75% of the amount otherwise payable in cash benefits. There would be no guarantee of services under the block grant.	Upon enactment for pending and new applications, would eliminate the comparable severity standard, the IFA, and references to maladaptive behavior in the listing, and would establish a new disability definition for children. Effective January 1, 1997, for current recipients and new applicants, a 2-tiered benefit system would be established. Children who need personal assistance in order to remain at home would receive 100% of the benefit. Children who meet the listings but not the personal assistance criteria would receive 75% of the benefit. Continuing disability reviews would be conducted for low birth weight children within one year of birth, and at least every three years on children under age 18. Representative payees for children would be required to present evidence at the time of a continuing disability review that the child receiving treatment for his or her condition. Eligibility would have to be redetermined, using the adult criteria, within one year following a recipient turning 18.	Upon enactment for pending and new applications, would eliminate the comparable severity standard, the IFA, and references to maladaptive behavior in the listing, and would establish a new disability definition for children. Current beneficiaries found ineligible would lose benefits no sooner than July 1, 1997. Continuing disability reviews would be conducted for low birth weight children within one year of birth, and at least every three years on children under age 18. Representative payees for children would be required to present evidence at the time of a continuing disability review that the child receiving treatment to the extent considered necessary and available for his or her condition. Eligibility would have to be redetermined, using the adult criteria, within one year following a recipient turning 18. For privately insured, institutionalized children, cash benefits would be limited to \$30 per month. No two-tier benefit system.

	ORIGINAL HOUSE BILL	VETOED BILL (H.R. 4)	CURRENT BILL
<b>Child Protection and Adoption</b>	Eliminates the current federal entitlement for Foster Care and Adoption Assistance, the capped entitlements for Family Preservation and Support and Independent Living, and a number of discretionary programs for abused, neglected, abandoned, and at-risk children (including the Child Abuse Prevention and Treatment Act, and the Missing and Exploited Children's Act). Replaces these programs with a capped entitlement block grant to the states, and reduces funding available to the states by \$6.3 billion over 7 years.	Maintains the entitlement for foster care and adoption assistance maintenance payments and block grants administration and child placement services funding, as well as IV-B parts 1 and 2 and Independent Living. CAPTA and several discretionary programs are combined into a Child and Family Services block grant. Overall, reduces mandatory funding by \$400 million over 7 years.	No block grant. Current bill: (1) gives states authority to make foster care maintenance payments using IV-E funds on behalf of children in for-profit child care institutions; (2) extends the enhanced federal match for statewide automated child welfare information systems through 1997; (3) appropriates \$6 million per year in each of FYs 1996-2002 for a national random sample study of abused and neglected children; and (4) requires that states consider giving preference for kinship placements, provided that relatives meet state standards.
<b>Immigrants</b>	With certain exemptions, noncitizens would be ineligible for SSI, Medicaid, food stamps, transitional assistance, and social services block grants. Immigrants would become eligible upon naturalization. Exceptions include immigrants too disabled to naturalize and immigrants over 75 with five years residence. Most federal and state needs-based programs would be required to deem the income and resources of sponsors. Deeming would be extended until the immigrant naturalized and would apply to current recipients.	<p>Most legal immigrants would be ineligible for SSI and Food Stamps until citizenship. Current recipients would lose eligibility after January 1, 1997. States would have the option to make most current legal immigrants ineligible for Medicaid, AFDC, Title XX Social Services, and state-funded assistance until citizenship. Future immigrants would be ineligible for five years for most federal means-tested programs, including Medicaid.</p> <p>All applicants for most federal, state, and local programs would be subject to new verification requirements to determine if they are "qualified" or "non-qualified." Qualified immigrants would include legal permanent residents, refugees, asylees, immigrants whose deportation has been withheld, and immigrants who have been granted parole status by the INS for a period of one year. Non-qualified immigrants would be ineligible for benefits (except emergency medical; short-term disaster; limited public health assistance; non-profit, in-kind community services such as shelters and soup kitchens; and certain housing programs).</p> <p>Future sponsors/immigrants would be required to sign new, legally binding affidavits of support. For these future immigrants, H.R. 4 extends deeming to citizenship, changes deeming to count 100 percent of a sponsor's income and resources, and expands the number of programs that are required to deem, including Medicaid.</p>	Same as H.R. 4, except: (1) eliminates eligibility of legal immigrants for SSI and Food Stamps immediately at the time of redetermination, rather than one year after the date of implementation; (2) allows non-qualified immigrant children to be eligible for school lunches/breakfasts if they are eligible for a free public education; (3) adds JTPA and Head Start to the list of programs explicitly exempted from the 5-year eligibility ban on future legal immigrants; and (4) provides states the option to determine whether non-qualified immigrants are eligible for WIC and other child nutrition programs.

**STATEMENT BY PRESIDENT CLINTON ON WELFARE REFORM LEGISLATION  
WEDNESDAY, JULY 31, 1996**

PRESIDENT CLINTON: Good afternoon.

When I ran for president four years ago I pledged to end welfare as we know it. I have worked very hard for four years to do just that. Today the Congress will vote on legislation that gives us a chance to live up to that promise -- to transform a broken system that traps too many people in a cycle of dependence to one that emphasizes work and independence, to give people on welfare a chance to draw a paycheck, not a welfare check. It gives us a better chance to give those on welfare what we want for all families in America, the opportunity to succeed at home and at work.

For those reasons, I will sign it into law.

The legislation is, however, far from perfect. There are parts of it that are wrong, and I will work -- I will address those parts in a moment. But on balance, this bill is a real step forward for our country, our values, and for people who are on welfare.

For 15 years I have worked on this problem, as governor and as the president. I've spent time in welfare offices, I have talked to mothers on welfare who desperately want the chance to work and support their families independently. A long time ago I concluded that the current welfare system undermines the basic values of work, responsibility and family, trapping generation after generation in dependency and hurting the very people it was designed to help.

Today we have an historic opportunity to make welfare what it was meant to be: a second chance, not a way of life. And even though the bill has serious flaws that are unrelated to welfare reform, I believe we have a duty to seize the opportunity it gives us to end welfare as we know it.

Over the past three and half years, I have done everything in my power as president to promote work and responsibility, working with 41 states to give them 69 welfare reform experiments. We've also required teen mothers to stay in school, required federal employees to pay their child support, cracked down on people who owe child support and cross state lines. As a result, child support collections are up 40 percent to \$11 billion, and there are 1.3 million fewer people on welfare today than there were when I took office.

From the outset, however, I have also worked with members of both parties in Congress to achieve a national welfare reform bill that will make work and responsibility the law of the land.

I made my principles for real welfare reform very clear from the beginning. First and foremost, it should be about moving people from welfare to work. It should impose time limits on welfare. It should give people the child care and the health care they need to move from welfare to work without hurting their children. It should crack down on child support enforcement, and it should protect our children.

This legislation meets these principles. It gives us a chance we haven't had before to break the cycle of dependency that has existed for millions and millions of our fellow citizens, exiling them from the world of work. It gives structure, meaning, and dignity to most of our lives.

We've come a long way in this debate. It's important to remember that not so very long ago, at the beginning of this very Congress, some wanted to put poor children in orphanages and take away all help from mothers simply because they were poor, young, and unmarried. Last year the Republican majority in Congress sent me legislation that had its priorities backward: It was soft on work, and tough on children. It failed to provide child care and health care. It imposed deep and unacceptable cuts in school lunches, child welfare, and help for disabled children.

The bill came to me twice and I vetoed it twice. The bipartisan legislation before the Congress today is significantly better than the bills I vetoed. Many of the worst elements I objected to are out of it, and many of the improvements I asked for are included.

First, the new bill is strong on work. It provides \$4 billion more for child care so that mothers can move from welfare to work, and protects their children by maintaining health and safety standards for day care. These things are very important. You cannot ask somebody on welfare to go to work if they're going to neglect their children in doing it. It gives states powerful performance incentives to place people in jobs. It requires states to hold up their end of the bargain by maintaining their own spending on welfare. And it gives states the capacity to create jobs by taking money now used for welfare checks and giving it to employers as income subsidies, as an incentive to hire people, or being used to create community service jobs.

Second, this new bill is better for children than the two I vetoed. It keeps the national nutritional safety net intact by eliminating the food stamp cap and the optional block grant. It drops the deep cuts and devastating changes in school lunch, child welfare and help for disabled children. It allows states to use federal money to provide vouchers to children whose parents can't find work after the time limits expire. And it preserves the national guarantee of health care for poor children, the disabled, pregnant women, the elderly, and people on welfare.

Just as important, this bill continues to include the child support enforcement measures I proposed two years ago -- the most sweeping crackdown on deadbeat parents in history. If every parent paid the child support they should, we could move 800,000 women and children off welfare immediately. With this bill, we say to parents, if you don't pay the child support you owe we will garnish your wages, take away your driver's license, track you across state lines and if necessary make you work off what you owe.

It is a very important advance that could only be achieved in legislation. I did not have the executive authority to do this without a bill. So I will sign this bill, first and foremost because the current system is broken; second, because Congress has made many of the changes I sought; and third, because even though serious problems remain in the non-welfare-reform provisions of the bill, this is the best chance we will have for a long, long time to complete the work of ending welfare as we know it, by moving people from welfare to work, demanding responsibility, and doing better by children.

However, I want to be very clear. Some parts of this bill still go too far, and I am determined to see that those areas are corrected.

First, I am concerned that although we have made great strides to maintain the national nutritional safety net, this bill still cuts deeper than it should in nutritional assistance, mostly for working families with children. In the budget talks, we reached a tentative agreement on \$21 billion in food stamp savings over the next several years. They are included in this bill. However, the congressional majority insisted on another cut we did not agree to, repealing a reform adopted four years ago in Congress which was to go into effect next year. It's called the excess shelter reduction, which helped some of our hardest-pressed working families. Finally we were going to treat working families with children the same way we treat senior citizens who draw food stamps today. Now, blocking this change I believe -- I know -- will make it harder for some of our hardest-

pressed working families with children. This provision is a mistake, and I will work to correct it.

Second, I am deeply disappointed that the congressional leadership insisted on attaching to this extraordinarily important bill a provision that will hurt legal immigrants in America, people who work hard for their families, pay taxes, serve in our military. This provision has nothing to do with welfare reform; it is simply a budget-saving measure, and it is not right. These immigrant families with children, who fall on hard times through no fault of their own -- for example, because they face the same risks the rest of us do from accidents, from criminal assaults, from serious illness -- they should be eligible for medical and other help when they need it.

The Republican majority could never have passed such a provision standing alone. You see that in the debate in the immigration bill -- for example, over the Gallegly amendment -- and the question of education of undocumented and illegal immigrant children. This provision will cause great stress for states, for localities, for medical facilities that have to serve large number of illegal -- of legal immigrants -- legal immigrants. It is just wrong to say to people, "We'll let you work here; you're helping our country. You'll pay taxes. You serve in our military. You may get killed defending America. But if somebody mugs you on a street corner, or you get cancer, or you get hit by a car, or the same thing happens to your children, we're not going to give you assistance anymore."

I am convinced this would never have passed alone, and I am convinced when we send legislation to Congress to correct it, it will be corrected.

In the meantime, let me also say that I intend to take further executive action directing the INS to continue to work to remove the bureaucratic roadblocks to citizenship to all eligible legal immigrants. I will do everything in my power, in other words, to make sure that this bill lifts people up and does not become an excuse for anyone to turn their backs on this problem or on people who are genuinely in need, through no fault of their own.

This bill must also not let anyone off the hook. The states asked for this responsibility; now they have to shoulder it and not run away from it. We have to make sure that in the coming years, reform and change actually result in moving people from welfare to work. The business community must provide greater private-sector jobs that people on welfare need to build good lives and strong families. I challenge every state to adopt the reforms that Wisconsin, Oregon, Missouri, and other states are proposing to do, to take the money that

used to be available for welfare checks and offer it to the private sector as wage subsidies to begin to hire these people, to give them a chance to build their families and build their lives.

All of us have to rise to this challenge and see this reform not as a chance to demonize or demean anyone, but instead as an opportunity to bring everyone fully into the mainstream of American life, to give them a chance to share in the prosperity and the promise that most of our people are enjoying today. And we here in Washington must continue to do everything in our power to reward work and to expand opportunity for all people.

The earned income tax credit which we expanded in 1993 dramatically is now rewarding the work of 15 million working families. I am pleased that congressional efforts to gut this tax cut for the hardest-pressed working people have been blocked. This legislation preserves the EITC and its benefits for working families.

Now we must increase the minimum wage, which also will benefit millions of working people with families and help them to offset the impact of some of the nutritional cuts in this bill.

Through these efforts we all have to recognize, as I said in 1992, the best anti-poverty program is still a job.

I want to congratulate the members of Congress in both parties who worked together on this welfare reform legislation. I want to challenge them to put politics aside and continue to work together to meet our other challenges, and to correct the problems that are still there with this legislation. I am convinced that it does present an historic opportunity to finish the work of ending welfare as we know it, and that is why I have decided to sign it.

Transcript of Today's White House Press Briefing by Shalala and Reed (1 of 2)

To: National Desk

Contact: White House Press Office, 202-456-2100

WASHINGTON, July 31 /U.S. Newswire/ -- Following is a transcript of today's White House press briefing by Secretary of Health and Human Services Donna Shalala and Assistant to the President for Policy Planning Bruce Reed (1 of 2):

The Briefing Room

3:12 P.M. EDT

MS. GLYNN: Good afternoon, everyone. To finish the briefing on welfare reform we have Secretary of Health and Human Services Donna Shalala and Assistant to the President for Policy Planning Bruce Reed.

SECRETARY SHALALA: Thank you very much. I think the President outlined his reasons for signing the bill brilliantly. Let me talk a little about the reasons why the President vetoed earlier bills and what we've gained, what the policy gains have been in this bill.

First, Medicaid is a stand-alone entitlement program. No longer is it linked -- it's not linked to welfare, and the Medicaid program is allowed to continue. We would still like some reforms in that Medicaid program, but the important thing is that welfare recipients will not be losing their Medicaid, and Medicaid will continue for millions of poor Americans who need health care.

Second, there's \$4 billion more for child care in this bill, and we were able to restore the health and safety standards for the child care system in this country, which were absolutely critical. There was an attempt by the Republicans to remove them.

Third, there is no food stamp block grant. The food stamp program stays intact. There's no ceiling limit on it. The President did outline that we have some concerns about the way the cuts were taken, and we'll be looking at those as we do our detailed analysis.

Fourth, there's no child welfare block grant. The child welfare services, which have been the most sensitive kind of services in this country, to limit them in any way -- these are the services that cover foster care, adoption services, 21 states are already under some court order. The Republicans originally wanted to curb those services, put caps on it, block grant it. We said not a chance. These are the most vulnerable children in our society and you have to back away from those proposals.

There are greater protections in this bill for disabled children. There is a doubling of the contingency fund to protect against economic downturns. It's now \$2 billion, instead of \$1 billion, which is what they had in previous bills. That's extremely

important.

For those that believe that we ought to continue to entitlement, the contingency fund becomes critical. That's what is taken up and used if there is an economic downturn in a state. If a state goes into an economic downturn, the people that need help are working folks who get laid off from their jobs and need to come into the welfare system for a very short period of time. So a contingency fund or an alternative like an entitlement becomes increasingly important. The contingency fund here is \$2 billion to protect against economic downturns.

There is a 20 percent hardship exemption, which gives the states the flexibility of exempting a large group of people who cannot meet either the work requirements or the time requirements for one reason or another. There is no mandatory family cap. You'll remember that the Catholic Church in particular has been deeply concerned about a family cap that would limit the payments that a state gives, a national family cap if a family has another child -- if a woman has another child. The work requirements in this have actually been made more flexible at the 11th hour. A very interesting change was put in place in this bill, which has not actually been written about, which allows the states to keep the work requirements they negotiated with us in their waivers, as opposed to moving to the work requirements that are in the bill. So the states will have the options during the course of their waivers, and these waivers have been granted between five and 11 years. So for many states they'll have flexibility on the packages they put together.

The school lunch and the nutrition block grant was eliminated in this bill. We fought that early on. And any kind of cut in unmarried teen moms from getting assistance was eliminated. There are major gains in this bill that made it possible for the President to sign the bill, but more importantly from our point of view, made it possible for the bill to work.

Q Secretary Shalala, you have outlined a number of improvements of this bill over the previous two that he vetoed, but in your opinion is this a good bill, is this an improvement on the status quo? Secondly, did you recommend to the President this morning or last night that he in fact sign it? And third, did you ever consider resigning over this bill?

SECRETARY SHALALA: First, on the issue of is this an improvement over the status quo, it is a significant improvement over the status quo. As early as 1984 a number of my colleagues who are now with me at the Department of Health and Human Services, including Mary Jo Bane and I, recommended to Governor Cuomo that we move to an employment-based program with time limits. This program moves us into the modern age, moves -- gives people genuine opportunity to

move from welfare to work and puts the support systems around. If you combine this with Earned Income Tax Credit and with the minimum wage, we have powerful incentives to support people, even as they're entering entry-level jobs in this country. And the President has always believed, as all of us do, that the best opportunity for anyone in this country is a job.

This is a significant improvement over the status quo. As to the other two questions, I never reveal publicly advice I give to the President. And I never considered resigning.

Q Ms. Secretary, on the 10 things that you named for us, I wanted to just ask a couple of clarifying questions. The doubling of the contingency fund from \$1 billion to \$2 billion, is that over what period of time?

SECRETARY SHALALA: Over six years.

Q And the same is true of the \$4 billion more for child care?

SECRETARY SHALALA: Yes.

Q What does that bring the total to of child care for the six years?

SECRETARY SHALALA: Fourteen billion dollars.

Q And the 10th thing -- one other question, guys. Will that 10th thing that you named -- you listed -- the unmarried teen moms --

SECRETARY SHALALA: Remember, one of the original bills --

Q What's the provision now?

SECRETARY SHALALA: Unmarried teen moms will be able to finish high school. They'll get support while they're finishing high school as opposed to being cut off from any kind of aid.

Q Is that required or is it up to the states --

MR. REED: When the House Republicans put forward their bill early last year, they included a provision that would have required every state to ban every teen mother from receiving assistance just because they were poor, young and unmarried as the President said.

Q It wasn't in the bill that went to the President the first time was it?

MR. REED: No, no. That's something that was in the original House bill and the President singled that out in his 1995 State of the Union. We had a hard-fought battle which we won early on, and it's not included in the final bill.

SECRETARY SHALALA: Remember for many of us, it's the improvement since our first discussions with the Republicans. Dragging them originally into getting child support into the bill became very important. They did not have it in their original bill; we insisted on it. Child support enforcement for the first time will have the national dimension to it, which means we'll be able to track people down successfully across state lines.

Q Secretary Shalala, you never said whether you liked the bill in response to the last question. And, also, you have liberal

Democrats like Charlie Rangel going to the floor saying my President will boldly throw 1 million children into the street. How do you react to those sorts of comments?

SECRETARY SHALALA: Well, first, I hope that the governors intend to prove Charlie, my good friend Charlie Brown -- Charlie Rangel -- Charlie Rangel wrong. And it's the way they're going to manage this program.

Second, I do think it's a good welfare bill. There are parts of it that the President outlined that are outside the welfare bill that we have deep and serious concerns about that include the immigration provisions and the nutrition provisions and, hopefully, we'll be able to make significant strides in getting improvements over our concerns.

Q Will you outline what it is exactly about the nutrition provisions that are objected to?

SECRETARY SHALALA: The President outlined the shelter allowance as one example. For people that -- for low income people working people in some cases, who have very high shelter costs having their calculation for food stamps based on taking into account a certain amount of their shelter costs, the issue is -- it's over 50 percent of their shelter cost, how much above that will be taken into account.

This bill makes some dollar improvements but the law was actually going to take off the limit over 50 percent, a law that was passed which would have protected those who live in high housing cost areas. That becomes extremely important for working families because they do have some income, because they have jobs, but they also need food stamps to supplement and we need to take into account those higher shelter costs.

That becomes a very sensitive issue for us.

Q -- bill does what as --

SECRETARY SHALALA: The bill puts a cap on that amount, and we simply want to be able to take a very careful look at that. In addition, the bill goes into the food stamp program and removes some increases that we have some concerns about, and we will be reviewing those. But remember, we got this bill at midnight last night. The President needed to make a decision fast, so we've done the analysis --

MR. REED: Just to add to what Donna said, there is a cap in current law that was set to expire, effectively next year, and this bill maintains that cap and shaves the increase --

SECRETARY SHALALA: It was the Mickey Leland Food Act, and it was Mickey Leland's legacy to take off that cap.

Q Madam Secretary, when you came this morning to this meeting, did you have a sense, or did you know in your bones what the outcome would be --

SECRETARY SHALALA: No.

Q -- and was it what you expected?

SECRETARY SHALALA: No, I didn't. I expected it to be a full and healthy discussion and thoughtful discussion with the President. And as he described it, that's exactly what it was.

Q And did you believe when you came that either outcome was possible and we just happened to arrive at this outcome?

SECRETARY SHALALA: I don't -- I don't know. I came for a discussion. The President has never invited me to a meeting in which he has already made up his mind, so it was a full discussion this morning.

Q Could you give some of the flavor of that meeting?

SECRETARY SHALALA: No, I think it's inappropriate. We have never described the meetings or the flavor of the meetings. I think the President described the meeting, and I'll stick with the President's description.

Q The President said there is an element of experiment about this. Nobody can say with absolute certainty how it will work or how different states will approach it. What do you think is a fair window of time to be reviewing what the states are doing? And if there is a race for the bottom, when will we know?

SECRETARY SHALALA: Well, as you well know, we have essentially taken the first step towards for welfare reform using the waiver process, so we know something about state behavior and we're just starting to get in the evaluations on state behavior and what's happening in those particular states. The President would want us to monitor what's happening very carefully. We will be able to tell whether states are adding additional money. We will know how many states are moving people into jobs and whether they're staying in those jobs. So we will have information, hopefully state by state, that will tell us what's happening and be able to report to the President and report to Congress about what's going to happen.

The important thing about this bill, and every piece of research has told us, that the states must have a stake in the outcome. They must be a full partner. The more they're involved in it, the more likely you are to get success in terms of state programs. That's what the MDRC told us in their research, and so we have moved dramatically to give the states the authority to design their own programs.

Q Will the bill change anything that's happening in the many states with waivers? Are they exempt -- in addition to being exempt from the work requirements in the bill, are they exempt from any other provisions?

SECRETARY SHALALA: Well, the states will be able to -- we have to go back and look at this very carefully. I think that they will be able to take their waivers, look at the new bill, and be able to

shape what their overall program -- and remember, some of our waivers are for one county. They will have a lot more flexibility in terms of statewide programs now, in terms of expanding some of those county activities. And so I do expect some changes in the states.

Q Will they be forced to change anything, though, or --

SECRETARY SHALALA: The bill basically allows them to keep their waivers and to work with the rest of the bill. So to the extent that they're forced to it, is -- I think the answer is, there is no forcing, but there are more opportunities in the new bill that they will want to take advantage of. And I think that's the best way to characterize it.

Q -- follow up to that. What's the fate of the Wisconsin waiver?

SECRETARY SHALALA: Well, Wisconsin now has -- I can't talk about Wisconsin. You're going to have to answer Wisconsin. I'm recused. Go ahead. I'm going to Wisconsin --

MR. REED: When this bill becomes law, Wisconsin should be able to do the welfare reform plan that they submitted to us.

Q In other words, the President will take no action on the pending waiver request? What's the --

Q Is it moot --

MR. REED: Yes, I think it's essentially moot.

Q Bruce, when will -- the President said he'd be sending legislation up to fix some of the holes, the problems he saw with the bill, notably the immigrants who will not get Medicaid and other proposals. When will that legislation be ready? When are you planning to send --

SECRETARY SHALALA: He is -- you know, we just analyzed this bill for the President. We just got it, and he told us to get to work. So, we'll let you --

MR. REED: I think that the prospects of enacting that legislation in this Congress are not very good given the circumstances we've run into in the last several weeks.

Q Just to follow up, the prospects of enactment have in the past not necessarily stopped you from the process of promulgation. And the President made it sound as if he thought that was a serious enough concern. Will a proposal from the administration be forthcoming in the remainder of this year or would that wait for the second term?

MR. REED: Well, I think it's likely, but I --

Q Which is likely --

SECRETARY SHALALA: I think it's -- what the President told us to do -- let me go back to the point. What the President told us to do was to get to work and to look at those -- we have to finish our analysis of this bill. We've seen, obviously we've read it and seen enough of it. We need to come back to him and tell him specifically

what in the immigration parts of the bill, what in the food stamps parts of the bill that we need to change. And so we're going to work immediately.

You're detail questions about when we're going to have the legislation, we'll just have to answer later.

Q Can I just follow up one second: I think the question is prompted by the President's confidence in expressing that that as a stand-alone provision wouldn't have passed and his apparent resolve in saying that it's so unjust and really unjustifiable as to require a relatively immediate response by you and that it would in fact prevail.

MR. REED: I think as the President said, that he believes that over time as more is learned about the potential impact of these provisions that a consensus will emerge to fix them. But, you know, we have a month left in this Congress. It doesn't seem likely that it would happen.

Q Secretary Shalala, when the Republicans went after politically popular middle class programs from Medicare and on down -- some of them that they tried to block grant to the states -- the President fought like a tiger and said he was willing to put his political future on the line for them. Now here, he has a bill where he himself points to serious flaws affecting children and affecting legal immigrants. Is it just a coincidence that those who are adversely affected by this bill, by your own and by the President's own admission, don't have the vote?

SECRETARY SHALALA: In fact, I come to the opposite conclusion. We fought like tigers to make sure Medicaid wasn't block grant, which hurts -- seriously hurts poor people in this country. We fought like tigers to make sure food stamps wasn't block granted. We fought like tigers to make sure the child welfare services were not block granted or nutrition services. We were successful in holding off some of the most vicious proposals and in shaping a bill that sets out the goals and meets the President's goals that he laid out both in the campaign in the beginning and throughout this administration. And that combined with the earned income tax credit and the minimum wage are significant steps forward for low income Americans and genuine opportunities for them, which after all, is what welfare reform is all about.

Do you want to --

MR. REED: Can I just make one more point about how far we've come in this debate? The original House bill had \$75 billion in budget savings related to welfare reform and \$34 billion in EITC cuts -- a total of \$109 billion in their welfare package. This bill that the President has indicated his support for has \$57 billion. So we think that we've come a long way.

Q But from your own starting point --

MR. REED: Our own starting point was, I think --

SECRETARY SHALALA: Deficit-neutral, basically.

MR. REED: The President's 1996 welfare reform plan saved \$42 billion combined.

Q No, I mean your own starting point when --

MR. REED: In 1994?

Q Yes.

MR. REED: Which was deficit --

SECRETARY SHALALA: Which was deficit-neutral, basically. Let me also point out that the President has laid out a series of gains for the low income people in this country. From food stamps to Ryan White, to protections in the Medicare program, we have a superb record in this administration. For a generation of vulnerable Americans, this is the most important step we can take --to move from the status quo, to move people from dependency on the welfare system to a job. And I support the President in his decision.

Q Secretary Shalala, can you talk about the sufficiency of the \$2 billion contingency fund? If we had a serious national downturn

SECRETARY SHALALA: If we have a serious national downturn, we need to go back to Congress and make changes. Everybody knows that. The Republicans know that. We know that. The Fed just put out a report in Cleveland pointing out the importance of the economic stabilizing effect of federal money. If you don't, recessions go deeper and broader in states. And the business community could hardly be taxed to pull them out. And everybody will be clamoring back for more resources in the contingency fund. And that, I think, everybody has conceded.

MR. REED: But also, saving the food stamp program has an even greater stabilization effect. Food Stamps is much more responsive to economic downturns than the current AFDC program.

THE PRESS: Thank you.

END 3:34 P.M. EDT

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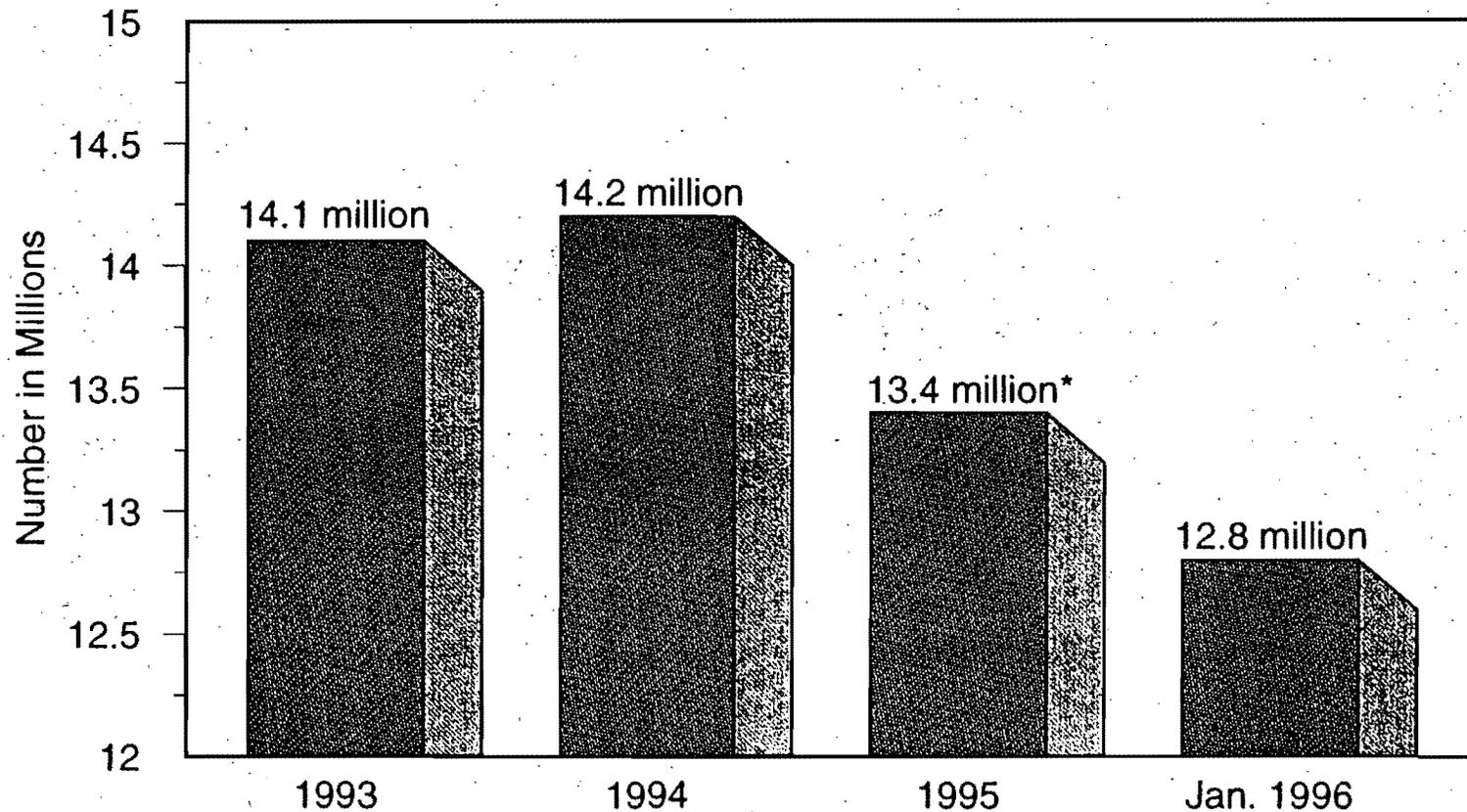
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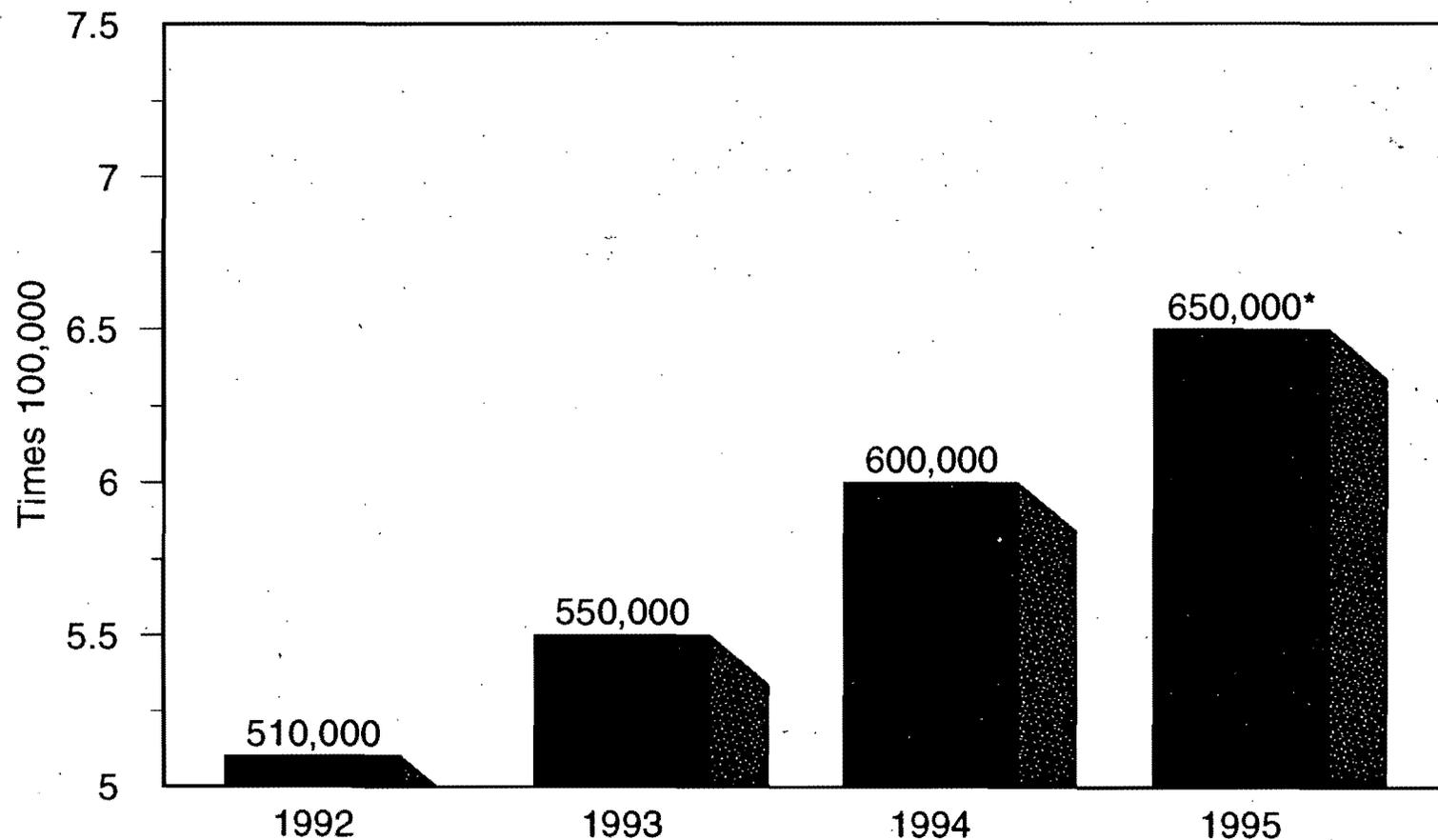
# The Total Number of AFDC Recipients Has Declined Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services

\*Preliminary Estimate

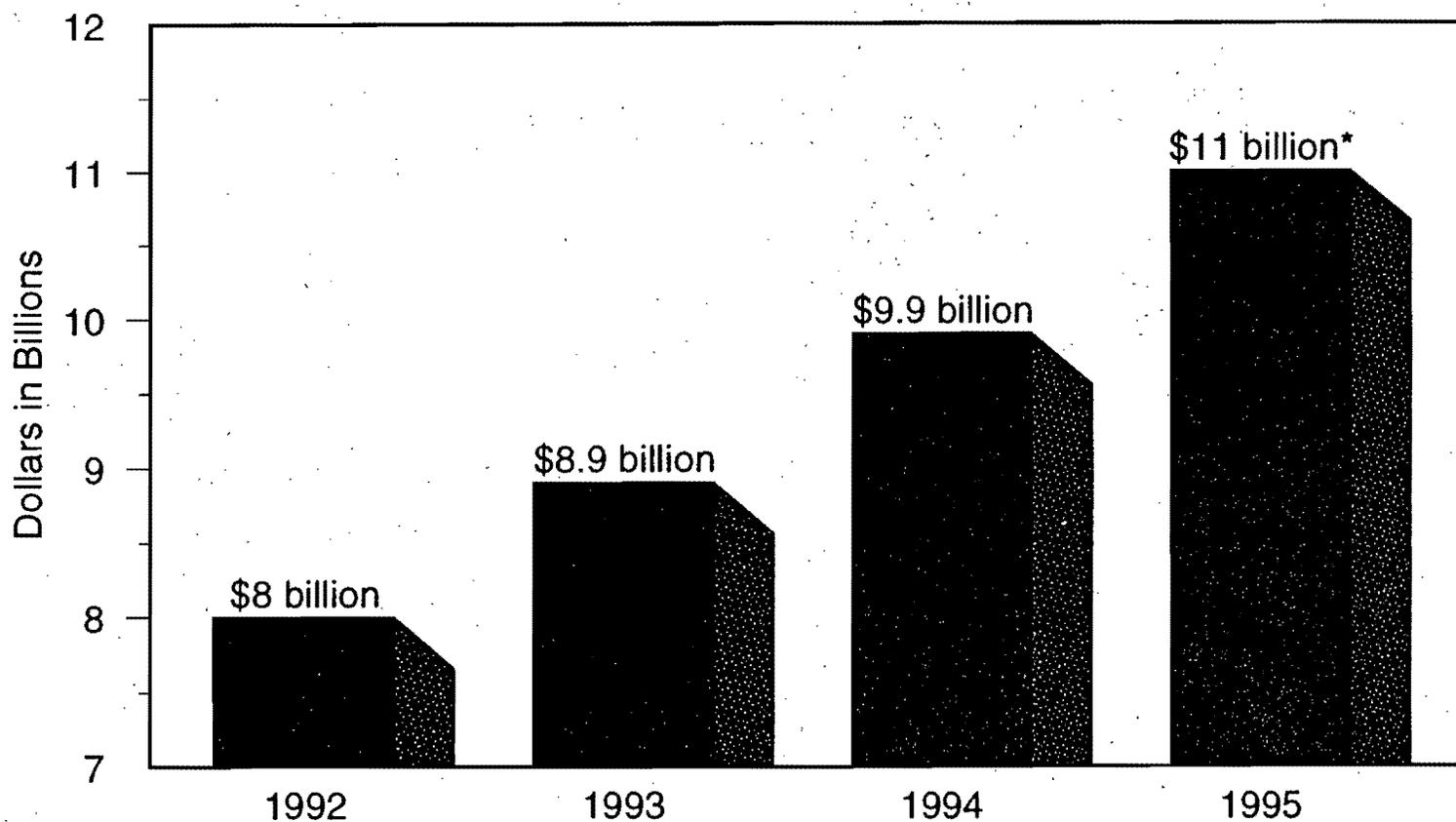
## Work and Training Activities Among AFDC Recipients Have Increased Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services

\*Preliminary Estimate (All Numbers Rounded)

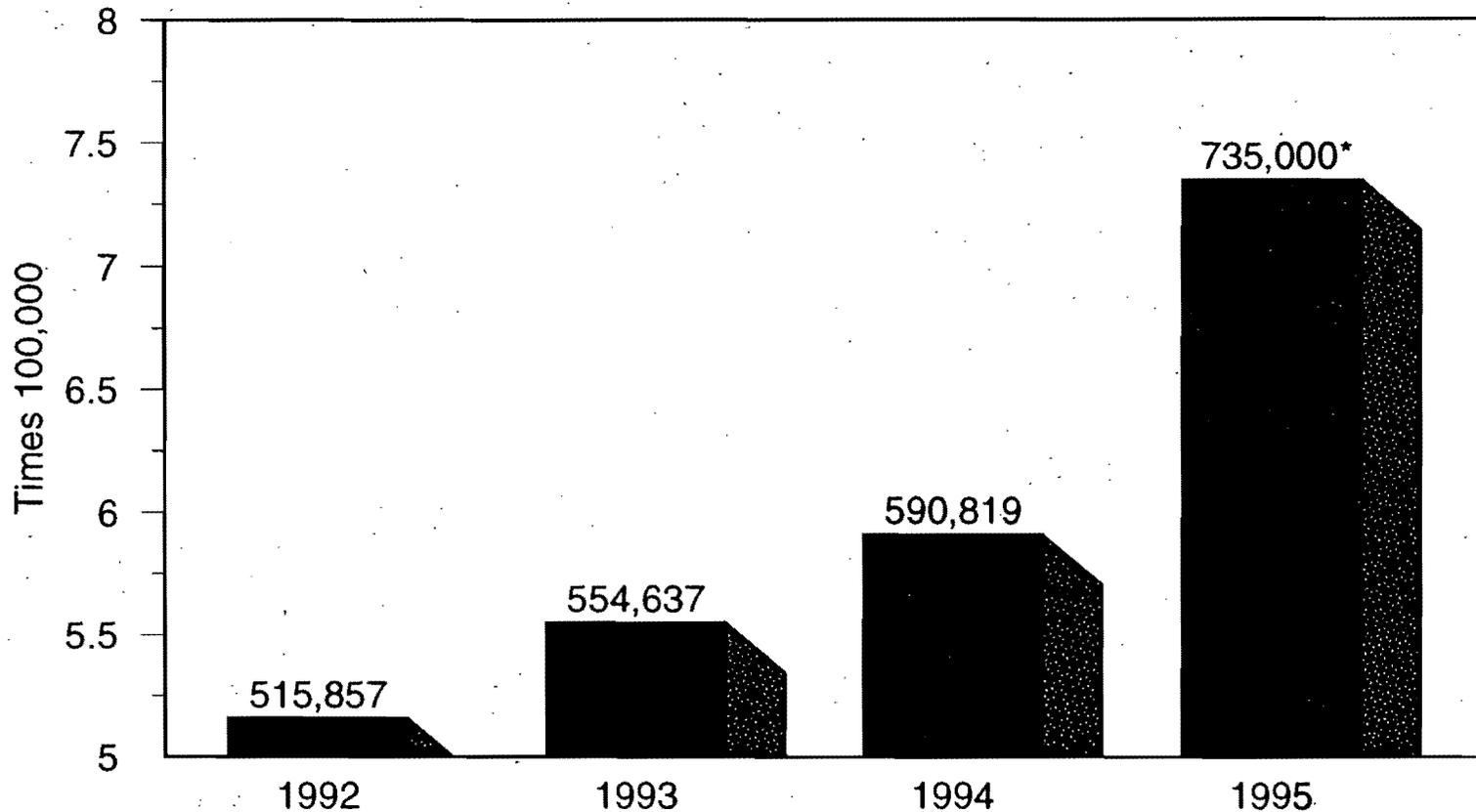
# Child Support Collections Have Increased Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services

\*Preliminary Estimate

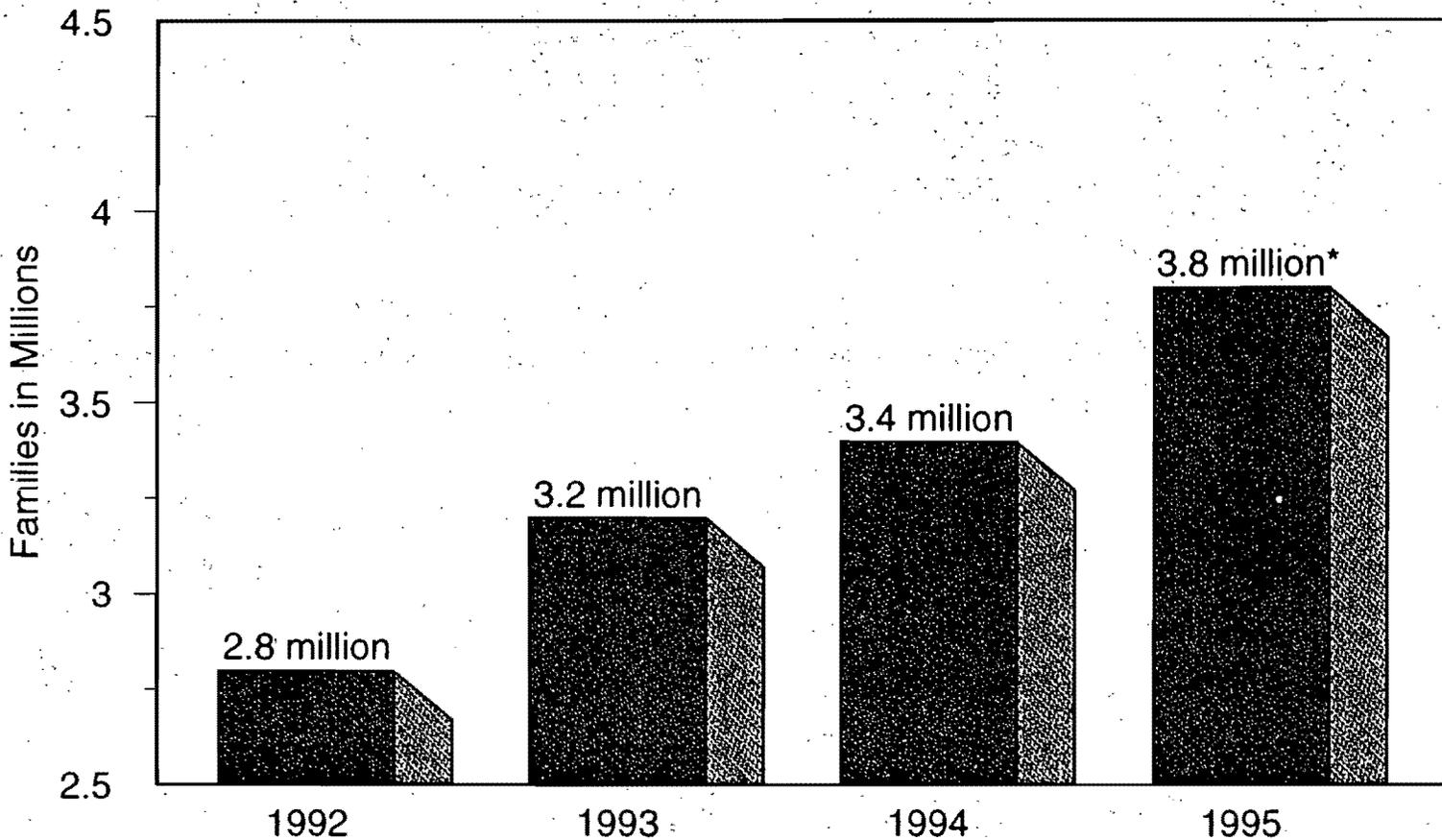
# Paternity Establishments Have Increased Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services

\*Preliminary Estimate (All Numbers Rounded)

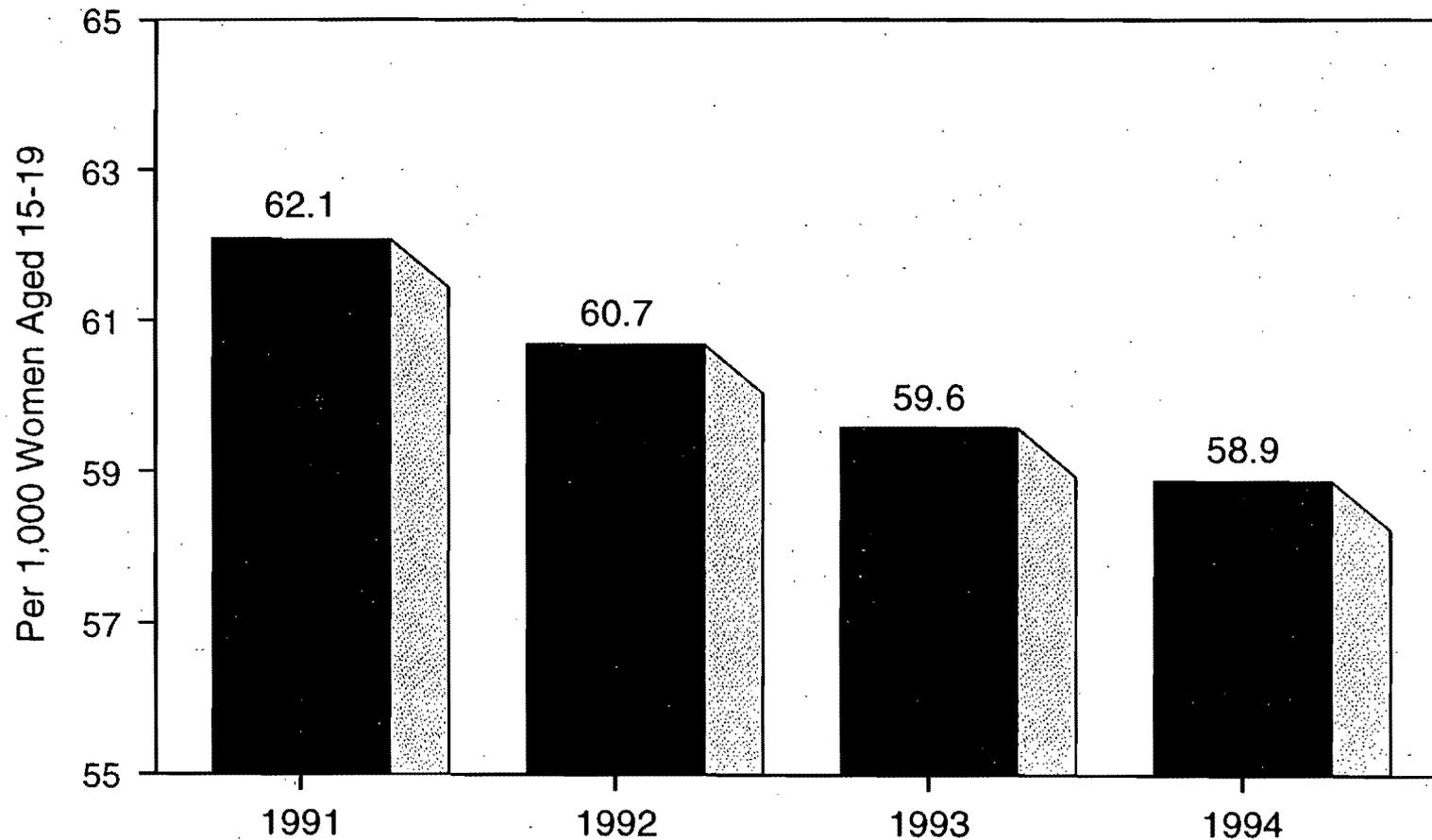
# Families Served by Child Support Enforcement Have Increased Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services

\*Preliminary Estimate

## Teen Birth Rates Have Declined Under the Clinton Administration\*



Source: "Advance Report of Final Natality Statistics, 1994," Monthly Vital Statistics Report, Centers for Disease Control and Prevention, Vol. 44, No. 11(s), June 24, 1996

\* Live births per 1,000 women aged 15-19

Sheet1

FY94 Medicaid Eligibles - Females					
Age	Number	Percent	Age	Number	Percent
0-5	5168427	21%			
6-14	4127247	17%			
15-20	2430550	10%			
			Under 21	11726224	48%
21-44	7631699	31%			
45-64	1721705	7%			
			21-64	9353404	38%
65-74	1295928	5%			
75-84	1149271	5%			
Over 84	875724	4%			
			Over 64	3320923	14%
Unknow	1533	0%			
Total	24402084				

Source: HCTA 2082 DATABASE

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**NATIONAL SENIOR CITIZENS LAW CENTER**

**People who are eligible for Medicaid will be discouraged from applying.** Those individuals with the best legal advice will be informed that the criminal intent standard is a high one for prosecutors to meet. In fact, in the grandmother example above, the standard would not be met. However, many people applying for Medicaid cannot afford legal advice and are not well informed about their rights. These individuals will not know particulars of the criminal provision, only that they could go to jail if they gave away money then needed public benefits. They will be fearful of applying for Medicaid or possibly even of seeking Medicare reimbursement for health care expenses if they know that any gifts they have made can subject them to criminal penalties.

**Nursing homes will use the criminal law to encourage people to pay privately, even when they are eligible for Medicaid.** Nursing homes prefer residents paying at the higher, unregulated private rate. They often ask people to agree to pay privately for a specified period of time, regardless of whether they would be eligible for Medicaid during that time. Facilities could inform resident that if they apply for Medicaid and have made any gifts within the last three years, they could go to jail. Residents and their families will feel pressured to pay privately, even when they are eligible for Medicaid.

**2. The focus of the criminal penalty is frail, old women.** By its terms, the criminal provision penalizes the person transferring the asset. In most cases, this will be the owner of the asset, i.e., the individual applying for Medicaid for nursing home care. **The typical nursing home resident is an 85 year old woman without a spouse needing help with several activities of daily living.** It is she who would go to jail. Surely, this is not what Congress intended.

**3. Existing penalties work.** While the press has focussed attention in recent months on the issue of people giving away money to become eligible for Medicaid to pay for their nursing home care, the meager data that exists on this subject supports the view that **existing penalties are effective.** The single study that has tried to quantify the practice was undertaken by the General Accounting Office in Massachusetts in 1993. The GAO found that 13% of all applicants in a one month period had transferred some assets without fair value; of those transactions, nearly 70% of the total value transferred was related to applications that were denied or withdrawn. **In other words, the individuals who had transferred assets were not granted Medicaid eligibility.**

**4. Congress addressed the issue of improper transfers in 1993, by increasing existing civil penalties.** At that time, after holding hearings, Congress amended Medicaid law to require states to increase the look-back for transfers to three, and in some cases, five years. The 1993 law also required states to increase the penalty for such transfers to an indefinite period of ineligibility for Medicaid, depending on the amount given away without value. If Congress believes problems still exist, it should hold hearings to identify the problems and consider other civil, rather than criminal, penalties.

August 9, 1996

## Kennedy Kassebaum: For Health Care--An Olympic Event

As the President signs the Kennedy/Kassebaum health care bill this month, much will be made of the accomplishment -- and rightly so.

Not many people would have predicted, even two weeks ago, that a Republican Congress would hail the passage of a health insurance reform bill with Ted Kennedy's name on it. Indeed, it is a tribute to both Senators Kennedy and Kassebaum that anything this progressive could pass in this Republican Congress, with its Contract with America.

For the first time, insurance companies will be prohibited from dropping people in employer-sponsored plans, charging them higher premiums when they get sick, or denying them coverage when they change or lose their job. And self-employed people will find it easier to afford insurance, because they will be able to deduct 80 percent of their premium, up from the current 30 percent.

These are important accomplishments. But they do not solve most of the problems of the American health care system.

The Kennedy/Kassebaum bill doesn't protect people who aren't in the health care system now. If you don't have health insurance now, you can still be denied coverage on the basis of pre-existing medical conditions, or charged exorbitant premiums because of them.

Nor does Kennedy/Kassebaum make health insurance any cheaper for those who simply can't afford it. Since the defeat of comprehensive health reform two years ago, health costs in this country have risen more than 15 percent. In two more years, cost increases will exceed 35 percent.

By 1998, the average family will pay more than \$165 per month for health care premiums -- and they're the lucky ones. Those who work for the 60 percent of employers who offer no health benefits will continue to walk a financial high wire. Many undoubtedly will try to get by without health insurance, hoping that an unforeseen illness won't cause them to lose their delicate financial balance and fall into the abyss of bill collectors, bad credit ratings and bankruptcy.

In addition, many who now qualify for Medicaid -- including disabled children -- could lose that coverage under the new welfare reform law.

The Kennedy/Kassebaum bill does not encourage primary care. Health insurance policies will continue to encourage reliance on sophisticated medical treatment, leaving wellness promotion to magazines, newspapers and the electronic media.

This lack of attention to primary care is especially unfortunate -- and unwise -- when it comes to children. America already has one of the lowest rates of childhood immunization of any industrialized nation. While 98% of all Americans over the age of 65 enjoy health care protection, only 86% of all children under the age of 18 are similarly protected -- and that percentage may decline even further under the new welfare rules. In short, the people who arguably could benefit the most from good primary care will continue to be the most vulnerable.

And the number of uninsured Americans isn't the only thing that's likely to grow. Frustration with the complexity of the health care system will also increase as more and more providers turn to managed care to hold down costs.

The disappointing truth is that the Kennedy/Kassebaum bill doesn't end health discrimination against people who are without health insurance now. It doesn't make health care more affordable. And it doesn't guarantee basic health care for kids.

It is to health care what a single event is to the Olympics. And just as we turned our attention to the next event at the Olympics, so Congress must now turn its attention to the next step in the long marathon of health care reform.

We must make insurance more accessible and affordable so that people who have coverage now can keep it and those who have no insurance can get it.

We also must insure that coverage is meaningful. The American people have a right to know that the insurance policies they buy will provide the kinds of coverage they need, when they need it.

The Kennedy/Kassebaum bill deserves a Presidential signature, and its authors deserve a gold medal. But before the next summer Olympics in Sydney four years from now, we need more signatures, and more gold medals.

###

# MEDICAID BUREAU

## Fax Transmittal Sheet

HEALTH CARE FINANCING ADMINISTRATION  
7500 SECURITY BOULEVARD  
ROOM C4 - 25 - 02  
BALTIMORE, MARYLAND 21244  
FAX# 410-786-3252

DATE: 8/16/96

TO: SANDY BUBLICK - MAX

DEPARTMENT: DOMESTIC ABUSE COUNCIL

PHONE: 202-456-5586

FAX NO: 202-456-5542

FROM: STANLEY NICHINSON

OFFICE:

PHONE NO: 410-786-6153

COMMENTS: Numbers as Requested

TOTAL NO. OF PAGES 2

(Including Fax Cover Sheet)

## Sheet1

<b>Female Medicaid Eligibles, FY 1994</b>					
<b>Age</b>	<b>Number</b>	<b>Pct of Total</b>			
<b>Under 6</b>	<b>4244655</b>	<b>21%</b>			
<b>6-14</b>	<b>3094577</b>	<b>15%</b>			
<b>15-20</b>	<b>2037428</b>	<b>10%</b>			
<b>21-44</b>	<b>6577770</b>	<b>32%</b>			
<b>45-64</b>	<b>1567237</b>	<b>8%</b>	<b>21-64</b>	<b>8145007</b>	<b>39%</b>
<b>65-74</b>	<b>1159408</b>	<b>6%</b>			
<b>75-84</b>	<b>1092897</b>	<b>5%</b>			
<b>&gt;84</b>	<b>917638</b>	<b>4%</b>	<b>Over 64</b>	<b>4737180</b>	<b>23%</b>
<b>Unknown</b>	<b>274</b>	<b>0%</b>			
<b>Total US</b>	<b>20691884</b>	<b>100%</b>			
Source: HCFA 2082 Database					

there were  
In FY '94, 20.7 mil women &  
girls received MA  
(597)

---

MA spent  
In FY '94 \$67.1 b on  
women & kids  
(627)

---

MC  
In 1995, 21.3 mil women  
& girls  
were enrolled in  
MC

MC

597 of 33.1 = 19,529  
407 of 4.4 = 1,76  
21,289  
33 21.3 mil women

577

In FY 1994, 35.1 mil  
total rec

597 female

367 male

57 unknown

---

total vendor  
pmt

\$108.3 b

627 females

377 males

17 unknown

**Bridgett Taylor**

---

**From:** Bridgett Taylor  
**To:** Dennis Fitzgibbons  
**Subject:** Editorial for Mr. Dingell at request of Mrs. Clinton  
**Date:** Thursday, August 15, 1996 6:12PM

Dennis --

On Saturday August 3, 1996, Mr. Dingell received a call from Mrs. Clinton requesting that he do an Op Ed piece highlighting the Democratic victory in saving the Medicaid program. Mr. Dingell agreed. Alan spoke to Mr. Dingell after the call, I didn't, however I have talked to the White House. In order to help you do "surgery" on my draft, I will first give you some background and then my understanding, from talking with the White House, of what they hope to achieve with the Op Ed.

With passage of the Welfare bill there have been members of the Democratic party who think that President Clinton deserted his base and agreed to a bill which has detrimental policies in it. As Alan will tell you, even Mr. Dingell voted for it based on politics, not policies. What the White House believes is that the core constituencies have overlooked or forgotten in the context of welfare reform is the major victory that was achieved in NOT PASSING the Medicaid block grant with it.

As you know, time and again the President threatened to veto the Welfare bill if the Medicaid block grant was attached. On the House side, the "blue dogs" and the Commerce Committee Democrats led the other Democrats into a unified position of protecting the Medicaid program in order to stop the block grant. On the Senate all the Democrats and a few moderate Republicans in the Breaux/Chafee group were also unified in stopping the Medicaid block grant. In conference on the final welfare bill, even after the Medicaid block grant was "off the table", they once again tried to slip in a technical change to Medicaid eligibility even though the provision wasn't in either the House or Senate bill. The White House and the House and Senate moderates stopped them at the last minute.

During the past year and a half, the Commerce Committee, the Administration, the Democratic leadership on both the House and Senate side, the "blue dogs", the Democratic Governors and the Chafee/Breaux group developed strong opposition to the Republican Medicaid block grant. Through close working relationships we were ultimately able to stop both the Republican Congress and Governors (led by Gov. Enger). Although Mr. Dingell's direct involvement may have only been in the Committee process, he was involved throughout the process through my representation as committee staff.

What the White House would like to have the Op Ed do is:

- 1) Highlight the biggest victory the President (and John Dingell, a unified Democratic party, and a number of moderate Republicans) achieved -- the preservation of Medicaid's guarantee of health care for 36 million Americans.
- 2) Through highlighting this victory, communicate how much stronger this welfare bill is than the ones the President previously vetoed because it didn't have Medicaid block granted. The President always said that he would veto any welfare bill that included the "poison pill" of block granting Medicaid.
- 3) With Mr. Dingell's help, the President and the Democrats won the Medicaid fight.

Dennis, you may remember that you and I talked about this briefly before you left for China. I also spoke with Mr. Dingell prior to Mrs. Clinton's phone call, because I got a heads up from the White House, and he wanted to do it, as he put it "to get his mark" on it. Chris Jennings has been my contact at the White House - 456-5560 - if you have any questions. I believe they would like to get this placed sometime prior to or during the convention.

The document is in your directory called:

## DRAFT - EDITORIAL ON MEDICAID

Congressman John D. Dingell

This week we will witness the President of the United States signing a change in our Welfare system as we know it. And while certainly this is an historic event, there is another historic event that is occurring: the survival of the Medicaid program, the health and long-term care insurance program for 37 million seniors, people with disabilities, children and their mothers. I would like to take this opportunity to praise the President and my legislative colleagues whose conviction and compassion made this possible.

Less than a year ago, the Washington Post and newspapers around the country carried the news that Medicaid had been repealed. Under the guise of balancing the budget, the Republican extremists led by Newt Gingrich and Bob Dole and urged on by a group of Republican Governors, tried to turn the Medicaid health insurance program into a block grant piggy bank for themselves. By eliminating the federally enforceable guarantee, cutting billions from the program, and limiting federal dollars to states regardless of economic recession or increased need, Republicans effectively voted to terminate federally guaranteed health and long-term care coverage for 37 million Americans. Even as recently as last month, when Medicaid was ostensibly "off the table", buried in the welfare bill were provisions to end a portion of this guarantee--protections for poor children and their mothers.

Today, I am proud to say that the Republicans were unsuccessful and they have been forced to hear the voice of all Americans in support of the Medicaid safety net. Who among us doesn't know someone with a disabled child or parent in a nursing home who cannot afford the outrageous cost of care? That Republicans heard that voice is testimony to the dedication and persistence of the President and a group of fighters that included elected officials and a team of advocacy groups who refused to give up.

Early in the budget debate, a group of "Blue Dog" Democrats in the House--leaders in the balanced budget fight--made it clear that the Medicaid repeal was fiscally irresponsible. As guardians of the federal trust, these legislators believed that federal funds should not be made available without clearly established and enforced criteria for their use--that is specification of who should be covered for what services. At the same time, the Commerce Committee Democrats, although outnumbered by the Republicans in votes, continued their relentless attack in hearings and markups, to put faces on the people who would lose coverage under the Republicans' bill.

Midway through the debate, Senators Chafee and Breaux picked up the mantle, leading Senate Democrats and a small group of Republicans. Their efforts to bridge partisan differences and their relentless desire to protect vulnerable populations made clear that a Medicaid "guarantee" had to mean a federally enforceable guarantee to a defined set of benefits for specific populations. Finally, moderate Republicans in the House joined the band of warriors to assert that the changes which the Republicans tried to push in the "middle of the night" through welfare

reform were unacceptable. The Republicans were once again forced to accept the fact that the majority of the members of Congress had heard these voices and wanted to protect health and long-term care for vulnerable Americans.

Throughout the debate, the President has stood firm behind Medicaid's federal guarantee of meaningful health care protection. Each time he vetoed the Republicans' balanced budget, he made it clear that balancing the budget did not require Medicaid's repeal. Medicaid was to remain the guarantee of health care coverage that many Americans depend on. The President is in favor of increasing health care coverage; he is NOT willing to go backwards.

These courageous efforts remind me of the fundamental reason we are elected to public office. No one, if asked last year, would have believed anything but that the Republicans would have their way and this program would be repealed. Instead, through the dedication of a group of courageous and principled warriors, the people of our nation were appropriately represented. I am proud to have been a part of this effort.

# THE WHITE HOUSE

## Office of the Press Secretary

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For Immediate Release

August 23, 1996

### STATEMENT BY THE PRESS SECRETARY

As the President has said, the welfare reform bill he signed into law yesterday offers a historic opportunity to end welfare as we know it and replace it with a system that offers hope, demands responsibility, and rewards work.

However, as the President has also said, the welfare reform bill contains provisions that will cause unfair and unwarranted harm to many families. That is especially true of legal immigrant families, who have followed the rules, worked, and paid taxes, and who have suffered a calamity that has forced them to seek assistance.

The President has vowed to repair these provisions of the bill. In the meantime, however, he is determined to ensure that they are implemented carefully, and that no individuals not actually covered by these provisions are improperly denied the benefits they and their children need.

For that reason, the President has today issued two directives to ensure that legal immigrants and their children who remain eligible for benefits under the new law do not have those benefits cut off mistakenly, and that legal immigrants who are eligible to become citizens can do so as quickly as possible.

The first measure directs the Secretary of Agriculture to ensure that States have the maximum time allowed under the law to make sure that legal immigrants who remain eligible for food stamp benefits continue to receive them. The Secretary is to grant a waiver allowing any state, subject to certain legal restrictions, to extend the certification periods for eligibility for food stamps that apply to legal immigrants receiving assistance. The extension will give States time to develop the procedures needed to make accurate determinations of the many facts -- such as immigration classification, veteran status, or work history -- that the new law makes relevant to eligibility. In this way, the directive will decrease inaccurate or inequitable decisions to cut off food stamp benefits.

Under the terms of the new law, benefits to legal immigrants and their children are cut off only at the time of recertification of their eligibility for food stamps. When a State extends the certification period, it will, in effect, push back the date on which a legal immigrant will be deprived of food stamp benefits.

-more-

The waiver has specific time limits. Under current law, the Secretary may not allow states to extend certification periods beyond one year for most aliens or two years for certain elderly or disabled aliens. For states that already use that maximum certification period, the waiver will not have a significant impact. For those that have shorter periods, however, the waiver will permit extensions to a full year or 24 months. The Department, however, may not allow states to extend any recertification beyond August 22, 1997.

The second measure directs the Attorney General, the Secretary of Health and Human Services, and other agency heads to make continued efforts to reduce bureaucratic delays in the citizenship process for legal immigrants applying to become citizens. The INS already has made great progress in this area, devoting more resources to processing naturalization applications and reducing long waiting lists. This directive instructs the Attorney General to continue to increase staff used to review citizenship applications and to develop other effective means, including joint efforts with community groups, of assisting applicants for citizenship.

In addition, the directive instructs the heads of all relevant agencies to develop public/private partnerships devoted to providing English-language training to applicants for citizenship; make outreach efforts to those wishing to become citizens; and provide special assistance to refugees and those seeking asylum.

Also today, the Attorney General, under authority granted by the welfare reform law, will issue a memorandum containing a provisional list of non-cash services not conditioned on income or resources that may not be denied to immigrants, because they are "necessary for the protection of life and safety." These services include soup kitchens, medical services, child protection, and services for victims of domestic violence. The Attorney General may amend the list at a later date. Additional information is available at the Justice Department from Myron Marlin, (202) 616-2765.

THE WHITE HOUSE  
Office of the Press Secretary

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For Immediate Release

August 23, 1996

August 22, 1996

MEMORANDUM FOR THE SECRETARY OF AGRICULTURE

SUBJECT: Eligibility of Aliens for Food Stamps

Under the provisions of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, which today I signed into law, aliens receiving food stamps as of the date of enactment will continue to receive benefits until recertification of their eligibility, which shall take place not more than 1 year after enactment of the law. The results of the certification, including decisions as to an individual's immigration classification, veteran status, or work history, will determine whether the individual remains eligible for benefits under the Food Stamp program. Implementation of these new procedures will pose a substantial challenge for all involved Federal and State agencies.

To ensure that eligibility determinations are made fairly, accurately, and effectively, I direct you to take the steps necessary under your authority to permit the State agencies to extend the certification periods of currently participating aliens, provided that no certification period is extended to longer than 12 months, or up to 24 months if all adult household members are elderly or disabled, and provided that in no event shall certifications be extended beyond August 22, 1997.

I further direct you to notify the States of the actions you have taken.

WILLIAM J. CLINTON

# # #

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 23, 1996

August 22, 1996

MEMORANDUM FOR THE ATTORNEY GENERAL  
THE SECRETARY OF HEALTH AND HUMAN SERVICES  
AND OTHER HEADS OF EXECUTIVE DEPARTMENTS AND  
AGENCIES

SUBJECT: Naturalization

Citizenship is the cornerstone of full participation in our democracy. To become a United States citizen through naturalization represents a pledge to undertake the responsibilities of being a full member of our national community.

Naturalization is the best example of our legal immigration system at work. It reflects our society's recognition of those who came to this country to work hard, play by the rules, and pursue shared ideals of freedom, opportunity, and responsibility.

In the past, hundreds of thousands of eligible people have had to wait unnecessarily to become citizens. In some parts of the country, these people have had to wait well over a year after filing their application to realize their dream of United States citizenship.

This Administration is committed to eliminating the waiting lists of those eligible for citizenship. To accomplish this, we launched "Citizenship U.S.A.," the most ambitious citizenship effort in history. In fiscal year 1996, the Immigration and Naturalization Service (INS) will spend more than \$165 million for naturalization.

Citizenship U.S.A. combines three broad strategies: hiring more people to handle applications, improving the naturalization process, and expanding partnerships with local officials and community organizations.

We are already making progress. We have increased the staff 235 percent in the five districts with 75 percent of the pending applications: Los Angeles, New York, Miami, San Francisco, and Chicago. In Los Angeles, where one-fourth of all new applications are filed, we have opened three new processing centers and have more than quadrupled the number of INS officers handling citizenship applications.

But this is just the beginning. This Administration's target is to process and swear-in within 6 months of application all individuals eligible for citizenship. As we meet this target, more than one million newcomers will become citizens by the end of this year. After that, INS shall maintain those reforms necessary to stay current with the demand of new citizen applicants.

more

(OVER)

Using all of the tools at your disposal, I ask you to ensure that policies and practices necessary to accomplish these targets of one million new citizens sworn-in and the elimination of the waiting list are implemented. This includes continuing, expanding or accelerating, as appropriate and practicable, the following:

1) New Hires. Hiring, training, and deployment of full staff to assist naturalization efforts should proceed to completion as quickly as possible.

2) Cutting Red Tape. This includes: establishing electronic filing and mailing-in of citizenship applications, extended weekday hours and Saturday interviews, further expansion of processing facilities, and improvements to make it easier for people to obtain forms and get immigration information by telephone or computer.

3) Working with Local Officials and Community-Based Groups. We are working in partnership with local officials and community groups to expand outreach. I direct you to expand these efforts to help get naturalization information to people, assist them in filling out applications, offer more local sites for interviews, especially for the elderly and the homebound, and seek other means to jointly facilitate the process. We also will work to expand the availability of local hotlines providing naturalization information.

4) English Training. To assist legal immigrants to move toward citizenship, I request relevant agencies to work with the Domestic Policy Council, the National Economic Council, and other White House offices to present to me by December 30, 1996, a report making recommendations with respect to public/private efforts to teach English to those needing to improve their English-language skills. This report should consider possible roles by private companies, educational institutions, unions, community organizations, and the AmeriCorp program to accomplish this goal.

5) Interagency Outreach. I direct each executive department and agency to take steps to promote naturalization outreach consistent with your agency's mission. In particular, in materials sent to welfare recipients concerning eligibility, I direct that, to the extent authorized by law, you include naturalization information.

6) Refugees and Asylees. Those who flee persecution and suffering in their home country are often in the weakest position to acquire the skills they need to enter the job market, maintain self-sufficiency, and achieve U.S. citizenship. I direct the Secretary of Health and Human Services, in conjunction with other agencies as appropriate, to present to me by December 30, 1996, through the Domestic Policy Council, a report setting out a strategy of additional steps that we can take to promote social adjustment in the United States, economic self-sufficiency, and naturalization.

In taking these steps, this Administration shall maintain and strengthen the standards and requirements of the naturalization test that demonstrate an individual's readiness to accept the responsibilities of citizenship and full participation in our national community. You are directed to continue vigilant oversight to uphold these standards.

Hundreds of thousands of people are seeking the dream and the promise of American citizenship. They have worked to become United States citizens, and these steps should ensure that they are not made to wait unnecessarily.

WILLIAM J. CLINTON

# # #

To: DPC Staff  
From: Jeremy and Lyn  
Date: August 12, 1996  
Re: Good Welfare Reform Articles

---

As we mentioned in this morning's staff meeting, attached are two pieces on welfare reform -- one by William Raspberry and one by Mickey Kaus -- that make good pro-welfare reform arguments.

*William Raspberry*

## Worse Than Welfare As We Know It?

*WASH POST 5/19/96*  
Is it permitted to utter a hopeful word about the welfare reform bill that President Clinton has reluctantly agreed to sign?

Virtually all the people I call friend are convinced that the legislation is an abomination that will make life tougher for those already struggling for their daily bread, saddle the states with new costs while reducing the federal money available to them and condemn a million additional children to poverty.

What is there to be hopeful about? Let me say at the outset that I have a lot of problems with this bill, including the fact that it assumes the availability of jobs that may not exist and makes scant provision for child-care costs for those erstwhile welfare recipients who do manage to find work. Nor do I believe President Clinton, who rode into office promising to "end welfare as we know it," thinks this is a good bill. My guess is that, as with Bob Dole and his tax-cut proposal, he sees it as a politically useful idea—one that makes him seem tough and willing to carry out his commitments, that sort of thing.

But if I doubt Clinton's good faith in signing the reform measure (which Dole says he authored), I also doubt the doomsayers who see the legislation as a frontal assault on the poor.

There will be some suffering, no doubt about it. Any legislation that assigns an end-point for government assistance will cause some suffering on the part of those who don't (or can't) take advantage of the interim. The sheriff's eviction team will leave some families homeless, even if they have known for a full year that eviction was coming. What we don't know is how many families will read the eviction notice and pay the rent, find a new place, take a new job or double up with friends.

Similarly, we don't know—because it is unknowable in advance—how many present welfare recipients will make serious new efforts toward self-sufficiency as a result of this legislation, or how many prospective recipients will look first to private sources of support, or how many people will, knowing that welfare might not be there for them, change the behavior that might land them in need.

You may not believe that old card about women having babies in order to get a welfare check (or young girls having babies in order to

gain emancipation from their families). But isn't it likely that some people at least will take greater care not to have more babies than they can care for if there is no assurance that welfare will take care of them? Isn't it likely that marriage might become a more attractive alternative for young women who know they will need help caring for their children? Isn't it likely that some women will be less likely to become sexually involved with men who are, by reason of idleness or attitude, ineligible as husbands? Isn't it likely that organized religion will take a larger role in providing help (economic as well as spiritual) for society's needy? And isn't it likely—or at least possible—that the legislation that strikes us as so punitive may help to restore the public dole to what most of us think it ought to be: emergency relief?

None of these outcomes will be universal, of course. Some people will, after their welfare eligibility expires, wind up homeless or worse, their job skills or mental condition being inadequate for gainful employment. But isn't that a problem that's easier to handle after you know the size of it?

Even on the technical side, the end-of-welfare legislation may be less Draconian than it at first appears. It has some interesting loopholes, including a provision that states that have received federal waivers to run experimental programs—currently 43 out of the 50—may continue to run those program notwithstanding the new legislation. In addition, states may not lose as much welfare money as it appears because they will be free to shift federal money from other categories to pay welfare benefits or to provide for job subsidies or day care.

The overall effect of the new rules could be very bad, or neutral or even good—largely depending on whether the governors who run the state programs are bad, average or good.

I agree with those who think the present legislation goes too far, is based on too many shaky assumptions and will do harm. But more harm than the present welfare system?

What gets lost in our anguished argument is that welfare was broken and we couldn't figure out how, starting with the present system, to fix it.

Isn't it just possible that we might do a better job by tearing the whole thing down and rebuilding it from scratch?

August 8, 1996

The Washington Post

August 9, 1996

NY Times  
8/9/96

# The Revival of Liberalism

The New York Times

By Mickey Kaus

**T**hree themes dominate the news coverage of the welfare reform bill President Clinton says he will sign. First, there is the Dick Morris Triumph, in which Mr. Clinton sells out his principles, and the poor, for a mess of votes on the advice of his cynical strategist. There is the Gingrich Resurgence, in which Congressional Republicans recapture their glory by fulfilling the biggest promise in their Contract With America. Finally, there is the Death of Liberalism: If a Democratic President can end the "guarantee" of cash aid to the poor begun in the New Deal, what does the party stand for?

Each of these story lines is thoroughly misleading! Indeed, something like their opposite is closer to the truth. Not only did Mr. Clinton make a justified and principled decision to sign the welfare bill, but, in doing so, he set the stage for a revival of liberalism and, more generally, public faith in government.

To understand why, consider some realities about welfare and its reform that are not so widely reported:

- The new welfare bill does not mean the Federal Government is abandoning the antipoverty fight. "This bill simply says, we give up," declares E. J. Dionne in the Washington Post. That's absurd. Under the new law, Washington will continue sending some \$20 billion a year to the states to spend on aid to needy families. What Washington is saying is that the current welfare program, Aid to Families With Dependent Children, sustains a debilitating culture of non-work and nonmarriage — but we don't know exactly what sort of change in the system will best transform that culture. So states will take

the Federal money they now spend on A.F.D.C. and try out various reforms.

Some officials will try to replace welfare with public jobs. Others will try various time limits and cutoffs. There is a risk some states will be too harsh. But Congress does not give away \$20 billion, even in block grants, without keeping a close eye

on how the money is spent.

Governors, for their part, will be competing for the national prominence that will go not to the cruellest state, but to whoever figures out how best to get welfare recipients into the work force. If a state comes up with a winning formula, there will be intense pressure for other states to adopt it and for Congress to nationalize it.

- The bill will probably result in spending more money, not less, on poor families. The bill saves some \$35 billion over six years, mainly in food stamp reductions and cuts in aid to legal immigrants. But the basic welfare and child-care grants in the bill include at least \$3 billion more over this period than the A.F.D.C. program they replace. Liberals charge this isn't enough extra money to provide child care and public jobs for poor single mothers who can't find private-sector work. Conservatives respond that once welfare is no longer a free ride, so many people will leave the rolls that the savings can be used to pay for the jobs.

If the conservatives are too optimistic, as most experts think they are, even Republican governors will start demanding the extra Federal money they need, and conservatives, having promised to replace welfare

with work, will be in no position to deny them. Indeed, states are already complaining about the cost of creating enough last-resort jobs to meet the bill's work targets. Meanwhile, liberal antipoverty groups that haven't previously given a fig about replacing welfare with work are now calling for new spending, not on welfare but on W.P.A.-style public jobs.

- Aid to Families With Dependent Children, far from being a cornerstone of the New Deal, was an aberration. The original W.P.A., remember, was started by Franklin Roosevelt in 1935, at the founding of the New Deal's "welfare state." Roosevelt thought he was ending cash aid to the able-bodied poor, which he branded a "narcotic," and replacing it with the W.P.A.'s work program. Indeed all the big assistance programs in the Social Security Act of 1935 — unemployment compensation, Social Security pensions, aid for the elderly and the disabled — upheld the work ethic. They were restricted to those who either worked or were unable to work.

There was only one exception, nestled almost unnoticed in the massive New Deal structure — a tiny program, intended to help widows, that eventually grew into A.F.D.C., which now sustains more than four million single mothers, half never married. It's no

accident that it is also the only New Deal program despised by the voters.

- A.F.D.C. has poisoned the public against all government spending. Republicans have skillfully used the program's unpopularity to taint all Democratic antipoverty efforts, indeed all government. "By invoking with a sneer the phrase welfare state," the journalist Jacob Weisberg writes, Newt Gingrich "implies that collective action is typified by welfare." The trick worked, but with A.F.D.C. gone, it won't work anymore.

Nor can Mr. Gingrich keep railing against the "culture" of the urban underclass sustained by A.F.D.C. ("12-year-olds having babies, 15-year-olds killing each other"). The under-

class is now the Republicans' problem as well as the Democrats'. So what does Mr. Gingrich have left to say? Repeal environmental protections? Privatize Social Security? The Republicans may soon discover that the voters never really hated government; they just hated welfare.

- Liberals can now rebuild an active government on a more defensible foundation. Even as the welfare bill was passing, conservative Republican Congressmen were talking of the need for a new Federal effort to revive impoverished communities. These Republicans had enterprise zones and tax breaks in mind.

**B**ut, with government cleansed of A.F.D.C.'s taint, Democrats can think bigger. They don't need a "new paradigm." They mainly need to develop programs, like most of the New Deal, build on the work ethic — not just W.P.A.-style jobs, but also the ambitious training efforts that the Clinton Administration has so far failed to finance.

- Gingrichism is doomed. With the welfare bill safely out of Republican hands, the truth can be admitted: the Republicans have been snookered, especially the Speaker of the House. Mr. Gingrich has now accomplished what the voters wanted him to accomplish, namely reforming the "corrupt liberal welfare state." They don't need him anymore. Meanwhile, Democrats have been liberated to meet the public's legitimate, unfulfilled expectations of government. I suspect we will see the results clearly, if not in this election then the next. Sorry, Newt. Congratulations, and goodbye. □

The welfare bill  
spells the end of  
Gingrichism.

Sandy

from  
JBA

THE WHITE HOUSE  
WASHINGTON

To DPC staff

HHS summary of  
welfare bill

## Summary of Provisions

### Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (H.R. 3734)

Prepared by the Office of the Assistant Secretary for Planning & Evaluation, D.H.H.S.

#### Title I: Block Grants for Temporary Assistance for Needy Families

- **Block Granting AFDC and JOBS:** The bill block grants AFDC, Emergency Assistance (EA), and JOBS into a single capped entitlement to states. There is a separate allocation specifically for child care.
- **Individual Entitlement:** No individual guarantee, but the state plan must have "objective criteria for delivery of benefits and determining eligibility" and provide an "explanation of how the state will provide opportunities for recipients who have been adversely affected to be heard in an appeal process." There are no provisions to give the Secretary authority to enforce this requirement.
- **Time Limits:** Families who have been on the rolls for 5 cumulative years (or less at state option) would be ineligible for cash aid. States would be permitted to exempt up to 20% of the caseload from the time limit. Exemptions from the time limit would be allowed for individuals living on Indian reservations with a population of at least 1,000 and an unemployment rate of at least 50 percent. States would not be permitted to use federal block grant funds to provide noncash benefits (e.g., vouchers) to children that reach the five-year time limit. Title XX monies could be used to provide non-cash assistance to families after the federal time limit. State funds that are used to count toward the maintenance of effort requirements may be used to provide assistance to families beyond the federal time limit.
- **Block Grant Funding:** The total cash assistance block grant is estimated to be \$16.4 billion for each year from FY 1996 to FY 2003. Each state would be allotted a fixed amount -- based on expenditures for AFDC benefits and administration, Emergency Assistance, and JOBS -- equal to the greater of: (1) the average of federal payments for these programs in FYs 1992-94; (2) federal payments in FY 1994; or (3) federal payments in FY 1995. States could carry over unused grant funds to subsequent fiscal years.
- **Work Requirements:** As part of their state plan, states must demonstrate that they will require families to work after two years on assistance. However, there are no penalties if a state does not meet this requirement. A state's required work participation rate for all families would be set at 25% in FY 1996, rising to 50% by FY 2002 (states would be penalized for not meeting these rates). The bill provides pro rata reduction in the participation rate for reductions in caseload levels below FY 1995 that are not due to eligibility changes. The rate for two-parent families increases to 90% by FY 1999.

Single-parent recipients would be required to participate at least 30 hours per week by FY 2000. Single parents with a child under age 6 would be deemed to be meeting the work requirements if they work 20 hours per week. Two-parent families must work 35 hours per week. Single parents of children under age 6 who cannot find child care cannot be penalized for failure to meet work requirements. States could exempt from the work requirement single parents with children under age one and disregard these individuals in the calculation of participation rates for up to 12 months. For two-parent families, the second spouse is required to participate 20 hours per week in work activities if they receive federally funded child care (and are not disabled or caring for a disabled child). Individuals who receive assistance for 2 months and are not working or exempt for the work requirements would be required to participate in community service, with the hours and tasks to be determined by the state (states could opt-out of this provision).

- **Waivers:** A state which had waivers granted under Section 1115 (or otherwise relating to the AFDC program) before July 1, 1997 would have the option of continuing to operate its cash assistance program under some or all of these waivers. If a state elected this option with respect to some or all of its waivers, the provisions of the welfare reform legislation which were inconsistent with the continued waivers would not take effect until the expiration of such waivers except that the new child care provisions would apply immediately (*bill language is unclear; this section may be subject to different interpretations*). States which have waivers approved after the date of enactment must also meet the work requirements, even if inconsistent. States operating their programs under waivers would still receive their block grant amounts.
- **Work Activities:** To count toward the work requirement, individuals would be required to participate at least 20 hours per week in unsubsidized or subsidized employment, on-the-job training, work experience, community service, 12 months of vocational training, or providing child care services to individuals who are participating in community service. Up to 6 weeks of job search (no more than 4 consecutive weeks) would count toward the requirement, except that states with unemployment rates at least 50 percent above the national average may count up to 12 weeks of job search. Teens (up to age 19) in secondary school would also count toward work requirement. However, no more than 20 percent of the caseload could count toward the work requirement because they were participating in vocational training or were a teen parent in secondary school. Individuals who had been sanctioned (for not more than 3 of 12 months) would not be included in the denominator of the rate.
- **Supplemental Funds:** The bill establishes a \$2 billion contingency fund. State spending (by eligible states) on cash assistance and work programs above the FY 1994 levels (not including child care) would be matched at the Medicaid rate to draw down contingency fund dollars. States could meet one of two triggers to access the contingency fund: 1) an unemployment rate for a 3-month period that was at least 6.5% and 110% of the rate for the corresponding period in either of the two preceding calendar years.; or 2) a trigger

based on food stamps. Under the second trigger, a state would be eligible for the contingency fund if its food stamp caseload increased by 10% over the FY 1994-1995 level (adjusted for the impact of the bill's immigrant and food stamp provisions on the food stamp caseload). Payments from the fund for any fiscal year would be limited to 20% of the state's base grant for that year. A state could draw down more than 1/12 of its maximum annual contingency fund amount in a given month. A state's federal match rate (for drawing down contingency funds) would be reduced if it received funds for fewer than 12 months in any year. The bill also includes: 1) an \$800 million grant fund for states with exceptionally high population growth, benefits lower than 35% of the national average, or above average growth and below average AFDC benefits (no state match) and; 2) a \$1.7 billion loan fund.

- **Maintenance of Effort:** Each state would be required to maintain 80% of FY 1994 state spending on AFDC and related programs. For states who meet the work participation requirements, the maintenance of effort provision would be reduced to 75%.
- **Transfers:** A state would be permitted to transfer up to 30% of the cash assistance block grant to the child care block grant and/or the Title XX block grant. No more than one-third of transferred amounts could be to Title XX, and all funds transferred must be spent on children and their families whose income is less than 200 percent of the poverty line.
- **Penalties:** The penalties that could be imposed on states would include the following: (1) for failure to meet the work participation rate, a penalty of 5% of the state's block grant in the first year increasing by 2 percentage points per year for each consecutive failure (with a cap of 21%); (2) a 4% reduction for failure to submit required reports; (3) up to a 2% reduction for failure to participate in the Income and Eligibility Verification System; (4) for the misuse of funds, the amount of funds misused (if the Secretary of HHS were able to prove that the misuse was intentional, an additional penalty equal to 5% of the block grant would be imposed); (5) up to a 5% penalty for failure, by the agency administering the cash assistance program, to impose penalties requested by the child support enforcement agency; (6) escalating penalties of 1% to 5% of block grant payments for poor performance with respect to child support enforcement, (7) a 5% penalty for failing to comply with the 5-year limit on assistance; and (8) a 5% penalty for failing to maintain assistance to a parent who cannot obtain child care for a child under age 6. States that are penalized must expend additional state funds to replace federal grant penalty reductions.
- **Personal Responsibility Agreement:** States would be required to make an initial assessment of recipients' skills. At state option, Personal Responsibility Plans could be developed.

- **Teen Parent Provisions:** Unmarried minor parents would be required to live with an adult or in an adult-supervised setting and participate in educational and training activities in order to receive assistance. States would be responsible for locating or assisting in locating adult-supervised setting for teens, but there are no additional funds for "second chance homes."
- **Teen Pregnancy:** The Secretary of HHS to establish and implement a strategy to: (1) prevent non-marital teen; and (2) assure that at least 25% of communities have teen pregnancy prevention programs. The Department will have report to Congress annually in respect to the progress in these areas. No later than January 1, 1997, the Attorney General shall establish and implement a program that provides research, education and training on the prevention and prosecution of statutory rape.
- **Performance Bonus to Reward Work:** The Secretary of HHS, in consultation with NGA and APWA, would be required to develop a formula measuring state performance relative to block grant goals. States would receive a bonus based on their score on the measure(s) in the previous year, but the bonus could not exceed 5% of the family assistance grant. \$200 million per year would be available for performance bonuses (in addition to the block grant), for a total of \$1 billion between FYs 1999 and 2003.
- **Family Cap:** No provision. States implicitly have complete flexibility to set family cap policy.
- **Illegitimacy Ratio:** The bill establishes a bonus for states who demonstrate that the number of out-of wedlock births that occurred in the state in the most recent two-year period decreased compared to the number of such births in the previous period (without an increase in abortions). The top five states would receive a bonus of up to \$20 million each. If less than five states qualify, the grant would be up to \$25 million each. Bonuses are authorized in FYs 1999 - 2002.
- **Persons Convicted of Drug-Related Crimes:** Individuals who after the date of enactment are convicted of drug-related felonies will be prohibited for life from receiving benefits under the temporary assistance for needy families and food stamps programs. Pregnant women and individuals participating satisfactorily in drug treatment programs are exempted. States may opt out of this provision.

## Title II: Supplemental Security Income

- **Disability Definition for Children:** Provides a new definition of disability for children. Under this new definition, a child will be considered to be disabled if he or she has a medically determinable physical or mental impairment which results in marked and severe functional limitations, which can be expected to result in death or which has lasted or can be expected to last for at least 12 months. In addition, this bill instructs SSA to remove

references to maladaptive behavior as a medical criteria in its listing of impairments used for evaluating mental disabilities in children. All of these provisions will apply to new claims filed on or after enactment and to all claims that have not been finally adjudicated (including cases pending in the courts) prior to the enactment of the bill. SSA is also required to redetermine the cases of children currently receiving SSI to determine whether they meet the new definition of disability.

- **Redeterminations:** Redeterminations of current recipients must be completed during the year following the enactment of the bill. The earliest that a child currently receiving SSI could lose benefits would be July 1, 1997. If the redetermination is made after that date, then benefits would end the month following the month in which the redetermination is made. SSA is required to notify all children potentially affected by the change in the definition by January 1, 1997.

An additional \$150 million for FY 1997, and \$100 million for FY 1998 is authorized for continuing disability reviews and redeterminations.

- **Benefits:** For privately insured, institutionalized children, cash benefits would be limited to \$30 per month. Requires that large retroactive SSI payments due to child recipients be deposited into dedicated savings accounts, to be used only for certain specified needs appropriate to the child's condition.

Provides that large retroactive benefit amounts would be paid in installments (applies to children and adults).

### **Title III: Child Support**

- **Child Support Enforcement Program:** States must operate a child support enforcement program meeting federal requirements in order to be eligible for the Family Assistance Program. Recipients must assign rights to child support and cooperate with paternity establishment efforts. Distribution rules are changed so that families no longer on assistance have priority in receipt of child support arrears. Current law \$50 pass-through is not required.
- **Establishing Paternity:** Streamlines the process for establishing paternity and expands the in-hospital voluntary paternity establishment program.
- **State Requirements:** The bill requires states to establish central registries of child support orders and centralized collection and disbursement units. Requires states to have expedited procedures for child support enforcement.

Establishes a Federal Case Registry and National Directory of New Hires to track obligors across states lines. Requires that employers report all new hires to state agencies and new hire information to be transmitted to the National Directory of New Hires. Expands and streamlines procedures for direct withholding of child support from wages.

Provides for uniform rules, procedures, and forms for interstate cases.

Requires states to have numerous new enforcement techniques, including the revocation of drivers and professional licenses for delinquent obligors.

Provides grants to states for access and visitation programs.

#### **Title IV: Restricting Welfare and Public Benefits for Aliens**

- **SSI and Food Stamps:** Most legal immigrants (both current and future, and including current recipients) would be banned until citizenship (exemptions for: refugees/asylees, but only for first 5 years in country; veterans; and people with 40 quarters). Cut-off current recipients immediately based on rolling redeterminations within a year after enactment.
- **Medicaid, AFDC, Title XX Social Services, State-funded Assistance:** States would have the option to ban until citizenship most legal immigrants already in the U.S., including current recipients (with same refugee/asylees, et.al. exemptions as above). Current recipients would be eligible to continue receiving benefits until January 1, 1997.
- **Future Immigrants (entering after enactment):** Must be banned for five years from most federal means-tested programs, including Medicaid (exemptions below).
- **New Verification Requirements:** Imposed on all applicants and on virtually all federal, state, and local programs in order to deny all benefits to non-qualified (or illegal) aliens (except: emergency medical; short-term disaster; limited public health for immunizations and communicable diseases; non-profit, in-kind community services such as shelters and soup kitchens; certain housing programs; and school lunches/breakfasts if the child is eligible for a free public education). States would have the option to provide or deny WIC and other child nutrition and commodity benefits. Definition of qualified alien more narrow than current PRUCOL and Administration's proposal. Not later than 18 months after enactment, the Attorney General in consultation with the Secretary of Health and Human Services shall issue regulations requiring verification. States that administer a program that provides a Federal public benefit have 24 months after such regulations are issued to implement a verification system that complies with the regulations.

- **Deeming:** For sponsors/immigrants signing new, legally binding affidavits of support (which are to be promulgated by the Attorney General 90 days after enactment): extend deeming until citizenship; change deeming to count 100 percent of a sponsor's income and resources; and expand the number of programs that are required to deem, including Medicaid (exemptions below). These rules are effective immediately with regard to programs that currently deem, and effective 180 days after enactment for programs that do not currently deem. However, since the new deeming rules apply only to sponsors/immigrants who have signed the new affidavits of support, and new entrants are generally barred from receiving benefits for their first 5 years in the country, these new deeming rules and effective dates will be relatively irrelevant in practice.
- **Exemptions (from 5-year ban on future immigrants and deeming):**

**People Exempted:** Refugees/asylees, veterans, and Cuban/Haitian entrants receiving refugee/entrant assistance.

**Programs Exempted:** Emergency medical; short-term disaster; school lunch; WIC/child nutrition; limited public health for immunizations and communicable diseases; payments for foster care; non-profit, in-kind community services such as shelters and soup kitchens; programs of student assistance under Higher Education Act and Public Health Service Act; means-tested elementary and secondary education programs; Head Start; and JTPA.

#### **Title V: Child Protection**

- **Provisions:** Block grant provisions have been dropped. Current provisions are: (1) authority for states to make foster care maintenance payments using IV-E funds on behalf of children in for-profit child care institutions; (2) extension of the enhanced federal match for statewide automated child welfare information systems through 1997; (3) appropriation of \$6 million per year in each of FYs 1996 - 2002 for a national random sample study of abused and neglected children; and (4) a requirement that states consider giving preference for kinship placements, provided that the relative meets state standards.

#### **Title VI: Child Care**

- **Funding:** The bill authorizes \$13.9 billion in mandatory funding for FYs 1997-2002. States would receive approximately \$1.2 billion of the mandatory funds each year. The remainder would be available for state match (at the Medicaid rate). Requires states to maintain 100% of FY 1994 or FY 1995 child care expenditures (whichever is greater) to draw down the matching mandatory funds. Also authorizes \$7 billion in discretionary funding for FYs 1996-2002.

- **Health and Safety Protections:** Retains current law requirement that all states establish health and safety standards for prevention and control of infectious diseases including immunizations, building and physical premises safety, and minimum health and safety training. Health and safety protections apply to all federally funded child care.
- **Quality:** Provides not less than 4 percent of the total consolidated mandatory and discretionary funds. Appropriate activities under this set-aside include consumer education, enhancement of parental choice, and improvement of the quality and availability of child care (such as resource and referral services).
- **Entitlement to Child Care:** The bill provides no child care guarantee, but single parents with children under 6 who cannot find child care would not be penalized for failure to engage in work activities.

### **Title VII: Child Nutrition Programs**

- **Alien Eligibility:** The bill makes individuals who are eligible for free public education benefits under state or local law also eligible for school meal benefits under the National School Lunch Act and the Child Nutrition Act of 1966. States would have the option to provide or deny WIC and other child nutrition benefits.
- **Reimbursement Rates:** Effective for the summer of 1997, reduces maximum reimbursement rates for institutions participating in the Summer Food Service Program to \$1.97 for each lunch/supper, \$1.13 for each breakfast, and 46 cents for each snack/supplement. Rates are adjusted each January and rounded to the nearest lower cent.

Restructures reimbursements for family or group day care homes under the Child Care Food Program to better target benefits to homes serving higher proportions of children below poverty and reduces reimbursement rates for tier II homes to 95 cents for lunches/suppers, 27 cents for breakfasts, and 13 cents for supplements.

Rounds down to the nearest cent when indexed the reimbursement rates for full price meals in the school breakfast and school lunch programs and in child care centers, and rates for the special milk and commodity assistance programs.

- **Other Provisions:** Eliminates School Breakfast start-up and expansion grants. Makes funding for the Nutrition Education and Training (NET) Program discretionary.

## **Title VIII: Food Stamps and Commodity Distribution**

- **Alien Eligibility:** Most legal immigrants (both current and future, and including current recipients) would be banned until citizenship (exemptions for: refugees/asylees, but only for the first five years in the U.S.; veterans; and people with 40 quarters of work). Cuts off current recipients immediately based on case redeterminations within a year. Future immigrants must be banned for five years (same exemptions as noted earlier).

For sponsors/immigrants signing new legally binding affidavits of support: extends deeming until citizenship; and changes deeming to count 100 percent of sponsor's income and resources.

- **Maximum Benefit Levels:** Reduces maximum benefit levels to the cost of the Thrifty Food Plan and maintains indexing.
- **Income and Deductions:** Retains the cap on the excess shelter deduction and sets it at \$247 through 12/31/96; \$250 from 1/1/97 through 9/30/98; \$275 for FYs 1999 and 2000; and \$300 from FY 2001 on. Freezes the standard deduction at the FY 1995 level of \$134 for the 48 states and DC, and makes similar reductions for other areas. Includes as income for the Food Stamp Program energy assistance provided by state and local government entities. Lowers the age for excluding from income the earnings of elementary and secondary students from under age 22 to those who are 17 and under. Requires individuals 21 and under living with a parent to be part of the parent's household.
- **Work Requirements and Penalties:** Establishes a new work requirement under which non-exempt 18-50 year olds without children would be ineligible to continue to receive food stamps after three months in 36 unless they are working or participating in a workfare, work, or employment and training program. Individuals may qualify for three additional months out of 36 if they have worked or participated in a work or workfare program for 30 days and lose that placement. Permits states with waiver requests denied by August 1, 1996 to lower the age at which a child exempts a parent/caretaker from food stamp work rules from 6 years to 1 year old.
- **Program Integrity and Additional Retailer Management Controls:** Doubles recipient penalties for fraud violations to one year for first offense and two years for second offense; permanently disqualifies individuals convicted of trafficking in Food Stamp benefits of \$500 or more; disqualifies for 10 years those convicted of fraudulently receiving multiple benefits; mandates state participation in the Federal Tax Refund Offset Program (FTROP); allows retention of 35% of collections for fraud claims and 20% for other client error claims; and allows allotment reductions for claims arising from state agency errors.

The bill also requires a waiting period for retailers denied approval; permits disqualification of retailers disqualified under WIC; expands criminal forfeiture; permits permanent disqualification of retailers who intentionally submit falsified applications; and improves USDA's ability to monitor authorized stores.

- **Child Support:** Gives states the option to require cooperation with Child Support Enforcement agencies for custodial and non-custodial parents. Permits states to disqualify non-custodial parents with child support orders who are not paying support.
- **Work Supplementation:** Permits private sector employment initiatives that cash-out benefits to certain employed participants.
- **Program Flexibility and Simplification:** Simplifies program administration by expanding states' flexibility in setting customer service requirements. Allows states to submit standard cost allowances to use in calculating self-employment income; eliminates federal standards applying to hours of office operation; deletes detailed federal requirements over application form; deletes detailed federal customer service over areas such as toll-free telephone numbers; extends expedited service processing period to seven days and extends expedited service only to homeless persons who meet financial criteria; makes use of the income and eligibility verification system (IEVS) and the immigration status verification system (SAVE) optional; permits states to determine their own training needs; and authorizes the Simplified Food Stamp Program, through which states can employ a single set of rules for their state cash assistance programs and the Food Stamp Program. Expands Food Stamp waiver authority to permit projects that reduce, within set parameters, benefits to families. Cash-out of benefits is prohibited under the new waiver authority.
- **Asset Limits:** Sets and freezes the Fair Market Value for the vehicle allowance at \$4650.
- **EBT:** Requires EBT implementation by all states by October 1, 2002, unless waived by USDA. Exempts Food Stamp EBT from the requirements of Regulation E.
- **Commodity Programs:** Consolidates the Emergency Food Assistance Program and the Soup Kitchen/Food Bank Program; provides for \$100 million in mandatory spending in the Food Stamp Act to purchase commodities. Provides for state option to restrict benefits to illegal aliens.

#### **Title IX: Miscellaneous**

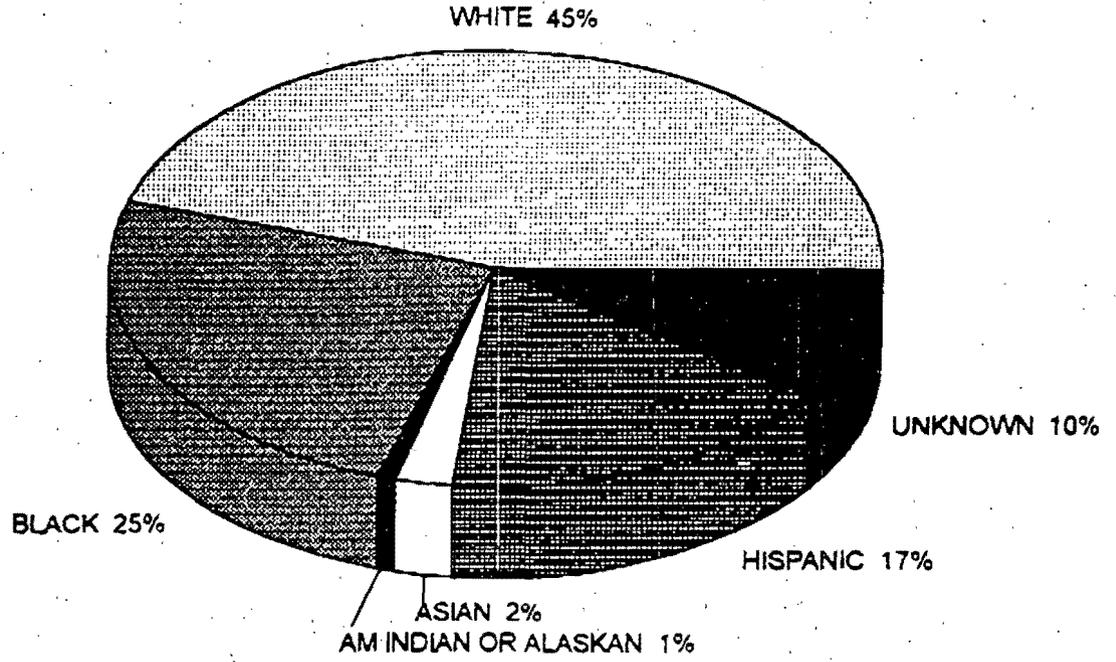
- **Title XX -- Social Services Block Grant:** Annual funding for the Social Services Block Grant would be reduced from \$2.8 billion in FYs 1990-1995 to \$2.38 billion (15% reduction) in FYs 1996-2002, and returning to \$2.8 billion in FY 2003 and each succeeding fiscal year. Non-cash vouchers for children that become ineligible for cash assistance under Title IV-A time limits are authorized as an allowable use of Title XX funds.

- **Abstinence Education:** Starting in FY 1998, \$50 million a year in mandatory funds will be added to the appropriations of the Maternal and Child Health (MCH) Block Grant. The funds would be allocated to states using the same formula used for Title V MCH block grant funds. Funds would enable states to provide abstinence education with the option of targeting the funds to high risk groups (i.e. groups most likely to bear children out-of-wedlock). Education activities are explicitly defined.
- **Drug Testing:** Nothing in federal law shall prohibit states from performing drug tests on AFDC recipients or from sanctioning recipients who test positive for controlled substances.

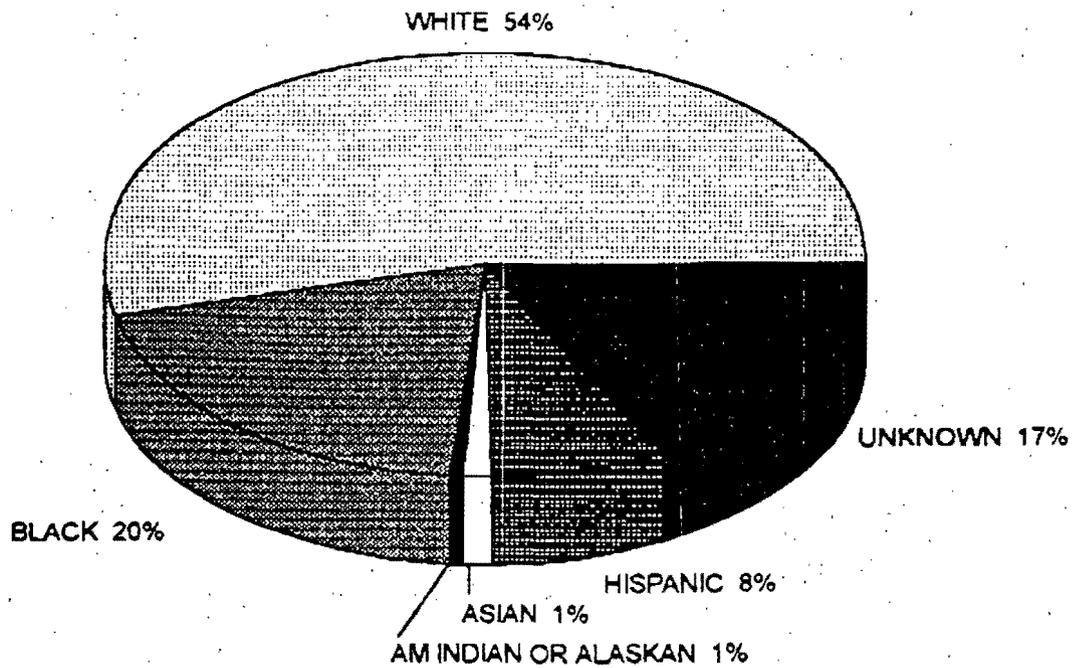
FIGURE 11.

# MEDICAID RECIPIENTS AND VENDOR PAYMENTS BY RACE

FISCAL YEAR 1994



**TOTAL RECIPIENTS: 35.1 MILLION**



**TOTAL VENDOR PAYMENTS: \$108.3 BILLION**

TABLE 8.

MEDICAID RECIPIENTS AND VENDOR PAYMENTS BY RACE

RACE	RECIPIENTS (MILLIONS)			PERCENT OF TOTAL		
	1992	1993	1994	1992	1993	1994
<b>TOTAL</b>	<b>31.2</b>	<b>33.4</b>	<b>35.1</b>			
<b>WHITE</b>	<b>13.4</b>	<b>15.4</b>	<b>16.0</b>	<b>43%</b>	<b>46%</b>	<b>46%</b>
<b>BLACK</b>	<b>7.6</b>	<b>8.4</b>	<b>8.7</b>	<b>24%</b>	<b>25%</b>	<b>25%</b>
<b>AM INDIAN OR ALASKAN</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>
<b>ASIAN</b>	<b>0.7</b>	<b>0.8</b>	<b>0.8</b>	<b>2%</b>	<b>2%</b>	<b>2%</b>
<b>HISPANIC</b>	<b>4.8</b>	<b>5.4</b>	<b>5.9</b>	<b>15%</b>	<b>16%</b>	<b>17%</b>
<b>UNKNOWN</b>	<b>4.4</b>	<b>3.2</b>	<b>3.3</b>	<b>14%</b>	<b>9%</b>	<b>9%</b>

RACE	VENDOR PAYMENTS (BILLIONS)			PERCENT OF TOTAL			PAYMENTS PER RECIPIENT		
	1992	1993	1994	1992	1993	1994	1992	1993	1994
<b>TOTAL</b>	<b>\$91.5</b>	<b>\$101.7</b>	<b>\$108.3</b>				<b>\$2,937</b>	<b>\$3,042</b>	<b>\$3,089</b>
<b>WHITE</b>	<b>\$47.8</b>	<b>\$55.2</b>	<b>\$58.9</b>	<b>52%</b>	<b>54%</b>	<b>54%</b>	<b>\$3,561</b>	<b>\$3,586</b>	<b>\$3,892</b>
<b>BLACK</b>	<b>\$17.1</b>	<b>\$20.1</b>	<b>\$21.3</b>	<b>19%</b>	<b>20%</b>	<b>20%</b>	<b>\$2,260</b>	<b>\$2,396</b>	<b>\$2,445</b>
<b>AM INDIAN OR ALASKAN</b>	<b>\$0.6</b>	<b>\$0.6</b>	<b>\$0.6</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>\$1,922</b>	<b>\$2,029</b>	<b>\$2,136</b>
<b>ASIAN</b>	<b>\$1.0</b>	<b>\$1.2</b>	<b>\$1.3</b>	<b>1%</b>	<b>1%</b>	<b>1%</b>	<b>\$1,422</b>	<b>\$1,467</b>	<b>\$1,514</b>
<b>HISPANIC</b>	<b>\$5.8</b>	<b>\$7.4</b>	<b>\$8.2</b>	<b>6%</b>	<b>7%</b>	<b>8%</b>	<b>\$1,221</b>	<b>\$1,371</b>	<b>\$1,375</b>
<b>UNKNOWN</b>	<b>\$19.2</b>	<b>\$17.2</b>	<b>\$17.9</b>	<b>21%</b>	<b>17%</b>	<b>17%</b>	<b>\$4,353</b>	<b>\$5,439</b>	<b>\$5,450</b>

SOURCE: HCFA, BDMS, OSM, DIVISION OF PROGRAM SYSTEMS