QUESTION:

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

ANSWER:

- The Family Support Act of 1988 is the cornerstone of President Clinton's welfare reform proposal. It set in place expectations that absent parents must support their children, that welfare should be only a transitional preparation for self-sufficiency, and that training and support services are as vital as cash benefits. Important lessons from State welfare reform initiatives have also been incorporated into our proposal.

- However, the Family Support Act did not anticipate that state budgets would shrink--or that caseloads would expand so dramatically. In addition, the Family Support Act failed to change the culture of the welfare system. Today, most caseworkers still spend vastly more time processing forms and mailing checks than helping recipients gain the services and skills needed for self-sufficiency. And numerous exemptions diluted the message that welfare should be a transitional system leading to work.

- The President's welfare reform plan fixes the weaknesses of the Family Support Act while building on its success. While welfare reform is targeted at women born after 1971, the JOBS program will continue to move older women toward self-sufficiency. Our plan provides additional federal funding and higher federal match rates to ease state fiscal constraints and make sure that JOBS, child support, and prevention programs really work. Greater automation, simplified program rules, and streamlined administrative requirements will minimize resources spent on paperwork. Finally, we will change the culture of welfare. Time limits make clear the real mission is getting people into work. Agencies must clearly explain opportunities and obligations to recipients, move them immediately into employability-enhancing programs and services, and enforce--rather than undermine--the values of work and responsibility.

QUESTION:

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

ANSWER:

- Historically, recessions have been accompanied by increases in the AFDC caseload, particularly in the AFDC-UP caseload. When fewer jobs are available, it is naturally more difficult for welfare recipients to leave AFDC through employment.

- Given the economy's current strong performance, we are not anticipating labor market conditions which would hamper the effort to help recipients move from welfare to work in most areas. The Bureau of Labor Statistics predicts faster job growth over the next 20 years, with employment increasing by more than 25 million jobs by the year 2005. At least 10 of the 15 occupations expected to grow most quickly do not require advanced education.

- In addition, the phase-in strategy responds to state needs for manageable initial caseloads. Our phase-in strategy will have almost 400,000 people participating in the WORK program by the year 2000 - up from just 15,000 now. Our discussions with states indicate that a work program of this size is both effective and feasible.

- The Administration's welfare reform proposal does address the possibility of future recessions. Our bill would augment Federal funding for JOBS, WORK and At-Risk Child Care in the event of a nationwide recession, and would enhance the Federal match rate for those programs during Statewide recessions.

- Access to health care coverage outside the AFDC program is as critical to the success of welfare reform as is the availability of jobs. Studies indicate that approximately one million persons are now on AFDC primarily to qualify for Medicaid. Passage of health reform legislation guaranteeing universal coverage would eliminate a labor market condition that represents a major obstacle to achieving self-sufficiency through work.

Balance of Work and Parenting

QUESTION:

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

ANSWER:

- Parenting responsibilities include not only the nurturing of children and providing them emotional support, but financially supporting them as well. Achieving the proper balance between these important responsibilities is a struggle confronting all families in today's society -- one parent and two parent families, poor families, wealthy families and middle-class too.

- The Administration's plan recognizes that both parents must support their children, and establishes the toughest child support enforcement program ever proposed. We will promote parental responsibility and ensure that both parents contribute to their children's well-being. Making child support a national priority will help lift single-parent families out of poverty.

- Moreover, our plan will give women the opportunities and services they need to be able to support their families without public assistance. Along with universal health care coverage and the Earned Income Tax Credit, welfare reform will help women find permanent employment and achieve financial security.

- To help single mothers balance their parenting and work responsibilities, we will also expand and improve the child care system. Our plan increases availability through additional funding for existing programs, coordinates rules across all child care programs, and encourages the development of safe and nurturing care environments.

QUESTION:

How will success be defined in welfare reform?

ANSWER:

- We ought to review success based on our three key principles; work, responsibility, and reaching the next generation. How many people are working or moving to work, how many are paying child support and have we deterred teen pregnancy.

- The President's plan calls for success to be measured by how well programs achieve the goals of the transitional support system -- helping recipients become self-sufficient, reducing dependency, and moving recipients into work -- and will provide positive and negative incentives for attaining these objectives.

- One objective of welfare reform is to transform the "culture" of the welfare system, from an institutional system whose primary mission is writing checks to ensure that poor children have a minimal level of economic resources to a system that focuses equal attention on the tasks of integrating adult caretakers into the economic and social mainstream of society.

- The system of assessing program performance based on these outcomes will be developed and implemented over time. Until the system is put in place, programs will be evaluated by their success in providing the services needed to convert welfare into a transitional support system -- primarily program participation rates.

QUESTION:

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

ANSWER:

- Under the President's plan, recipients are required to accept all offers of employment except when "good cause" for refusing the job is established. Lack of health coverage does not, by itself, constitute good cause for turning down a job offer because we expect health reform to ensure that everyone has coverage and because health benefits can continue for one year after leaving welfare for work. That is why the prior enactment of universal health care coverage is such an important part of our welfare reform package.

- One aspect of the President's plan is that some benefits will continue -- even during sanctions -- to protect children. During JOBS sanctions children will still receive benefits and families will keep food stamps, housing assistance, and medicine insurance. During WORK sanctions, families will keep Food Stamp, housing assistance and medicinal insurance.

Are The Time Limits Real

QUESTION:

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

ANSWER:

- There are clear limits on the length of time an individual who is able to work can collect AFDC benefits without working. Individuals who are job-ready will be expected to engage in job search as soon as their applications for assistance are approved (or earlier, upon application, at State option). A person who is able to work will have a maximum of two years to obtain the education, training and/or job placement services needed to find an unsubsidized job, after which he or she will be required to take a job in the WORK program.

- Each individual who has completed two WORK assignments will be thoroughly assessed, to determine whether she is able to obtain a job outside the WORK program. Those found to be employable will be required to perform job search and, if that effort is unsuccessful, to take another WORK assignment. Persons found to be unable to work, e.g., due to a disability that was overlooked earlier or had developed since entry into the WORK program, would be deferred at that point. Individuals found to be in need of further education or training could be referred back to the JOBS program for a limited period, in the hope that such education/training would help them obtain unsubsidized employment, rather than remaining in the WORK program.

QUESTION:

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

ANSWER:

- The President has decided on a phase-in strategy that initially focuses on the youngest third of the caseload -- young, single mothers born after 1971. Research has shown that this group is most at risk for long-term welfare dependency; thus, they have the most to gain from the welfare reform package.

- Although the initial investment required may be somewhat larger for this group than for others, it is justified given that there will be a grater payoff in the long run. This approach also sends a strong message to young women that the welfare system has fundamentally changed and alters the incentives of welfare to show teenagers that having children is an immense responsibility rather than an easy route to independence. In addition, as time passes, the program will eventually serve older recipients, since those born after 1971 will always be subject to the time limit.

    - By the year 2000, 2.4 million adults will be subject to the new rules including time limits and work requirements. States will also have the flexibility to phase-in reforms more quickly to cover a larger proportion of the caseload.

Extensions of the Time Limit

QUESTION:

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

ANSWER:

- One million people off welfare and working is highly distinguishable from the current system. We impose real time limits for the first time in history. This is drastic change indeed.

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

QUESTION:

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

ANSWER:

- We have provided sufficient funds to create subsidized WORK assignments for recipients who we expect will need them. Thus, we anticipate very few cases in which there will be insufficient work assignments.

- If there is a shortage, States will be required to give preference for WORK assignments to persons just entering the WORK program, to prevent individuals who had just reached the two-year limit from spending an extended period on a waiting list. Persons in the WORK program will be required to perform job search at the conclusion of each WORK assignment. In addition, States will have the option of requiring individuals immediately upon entering the WORK program to engage in job search or other activities to prepare them for employment.

- States will be required to meet an extremely high participation standard (80 percent) with respect to people in the WORK program. The standard, and the associated penalties for falling short of the mark, will ensure that few, if any, individuals in the WORK program will simply be on a waiting list, doing nothing.

QUESTION:

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

ANSWER:

- The employability plan is an important part of the new JOBS program; it defines the specific responsibilities of the State and the recipient. If states fail to provide services in the employability plan they must grant extensions past the 2 year time limit to JOBS participants.

- The employability plan could be revised, as appropriate. Disagreements about revisions to the plan would be subject to the same dispute resolution as was the initial development of the plan.

- Our plan includes incentives for States to focus on results, Funding incentives and penalties will be directly linked to the performance of States and caseworkers in provision service job placement and child support collection.

QUESTION:

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

ANSWER:

- We have worked closely with other departments to ensure that welfare reform fits closely with new and existing programs. Thus the JOBS and WORK programs would be integrated into the statewide one-stop career center system under the Reemployment Act. JOBS and JTPA will be integrated much more closely, and welfare reform will also be linked with School-to-Work and Head Start.

- At the same time, President Clinton recognizes that the social and economic forces influencing the poor run deeper than the welfare system. The Administration has undertaken many closely linked initiatives designed to spur economic growth, improve education, expand opportunity, restore public safety, and rebuild a sense of community. These include President Clinton's crime bill, which aids youth in disadvantaged neighborhoods and increases funding for community policing and violence prevention. His **School-to-Work initiative** facilitates teenagers' transition into the work force. His **Head Start expansion** and **immunization program** will help children while creating additional jobs. And **empowerment zones and enterprise communities** will aid regions by combining tax incentives with relevant social services and economic development programs. Welfare reform is an essential piece of a larger whole.

- The President's health reform plan is a critical ingredient of welfare reform. An estimated 1 million people are on welfare chiefly to qualify for Medicaid, the government's health care program for the poor. Universal health coverage would allow those people to enter the workplace without worrying about coverage for their families. Providing health security will reinforce work and help people move from dependence to independence.

QUESTION:

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

ANSWER:

- Individuals who have not exhausted 24 months of AFDC eligibility may reapply for AFDC. Normally, job search would be their first JOBS activity.

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

QUESTION:

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

ANSWER:

- We believe that families who play by the rules should not be penalized. Thus, benefits would not be terminated except for cause.

- Our proposal includes numerous provisions to ensure that families are aware of the rules and receive the information and assistance they need to accept and keep jobs. Through these provisions, we would minimize the potential number of sanction situations. For example, the proposal provides new opportunities for meetings between the family and State staff to discuss participation problems and negotiate plan revisions, a greater emphasis on case management, and more attention to orientations and discussions about mutual rights and responsibilities.

- Certain benefits--such as Food Stamps, housing assistance, and Medicaid--will remain available during whole-family sanctions for failure to accept an offer of unsubsidized employment. Further, we believe that strengthened case management and monitoring of the family's situation will minimize any potential risk to children resulting from reduced cash benefits. Ultimately, if as a result of these sanctions, children appear to be neglected, the State would have to assume responsibility for their protection through its child welfare system.

- But if parents refuse to work and provide support for their family without good cause, then we probably should ask questions about that family's situation. In that case the family should be referred to child protective services.

QUESTION:

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

ANSWER:

- The child care and child support provisions in our plan, along with the Earned Income Tax Credit and health care, will continue to support women moving from welfare to work. We will provide a year of transitional child care for women and increase child care for the working poor to bolster families above the poverty line. The expanded EITC will lift millions of workers out of poverty by effectively making any minimum wage job pay $6.00 an hour for a typical family with two children. And universal health care will allow people to leave welfare without worrying about medical coverage for their families.

- Some families will still be eligible for food stamps, housing assistance, medical assistance (as medically needy families), and nutritional programs such as WIC. Working poor families are the primary beneficiaries of these programs.

- Food Stamp income and resource limits are generally much higher than AFDC (requiring gross monthly incomes below 130 percent of the federal poverty level.) Eligibility for housing assistance is dependent upon income, the percentage of income paid for rent, and availability. Medical assistance is available for children of families with income above the poverty level and may be available to all family members depending upon medical costs.

7/10/94

Phase-in

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

(2) **Why did the Administration choose this phase-in mechanism?**

(3) **Will people who are not in the phased-in group have no expectations placed on them whatsoever?**

(4) **Can states chose to cover people other than the phase-in group?**

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

(6) How long will take to phase-in all AFDC recipients?

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

Note: Bold indicates key questions

Recipients Affected by the Proposal

QUESTION:

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

ANSWER:

- The President's phase-in strategy initially focuses on the youngest portion of the caseload -- young, single mothers born after 1971 who have the most to gain and the most at risk. This group will constitute one half of the caseload by the year 2000. This approach tells young women that the welfare system has fundamentally changed and alters the incentives of welfare to show teenagers that having children is an immense responsibility rather than an easy route to independence.

- In the year 2000, 2.4 million adults -- about half of the caseload -- will be subject to the new rules, including time limits and work requirements. Almost one million people will either be off welfare or working. 331,000 people who would have been on welfare will have left the welfare rolls. 222,000 parents will be working part-time in unsubsidized jobs. 394,000 people will be in subsidized jobs in the WORK program. That's up from 15,000 now. States can also choose to phase-in more recipients more quickly - with federal matching funds.

- Any workable plan is bound by the time needed to build state capacity. It would be very difficult for states to successfully implement the new program more quickly. Our phase-in strategy lets states start with a manageable caseload -- initially about one-third of all recipients -- and go farther with federal help if they wish. By the year 2004, two-thirds of all welfare recipients will be covered by the new rules.

QUESTION:

Why did the Administration choose this phase-in mechanism?

ANSWER:

- President Clinton's welfare reform plan correctly targets initial resources to the youngest third of the caseload: young single women who are most at risk of long-term welfare dependency. This targeting of limited resources will send a strong message to teenagers that welfare as we know it has ended; most effectively change the culture of the welfare office to focus on work; and allow states to develop effective service capacity.

- Applying the reforms to young mothers first sends a clear and unambiguous message to adolescents: you should not become a parent until you are able to provide for and nurture your child. Every young person will know that welfare has changed forever.

- The phase-in strategy also responds to state needs for manageable initial caseloads. Our phase-in strategy will have almost 400,000 people participating in the WORK program by the year 2000 -- up from just 15,000 now. Our discussions with states indicate that a work program of this size is both effective and feasible. In contrast, the participation requirements in other proposals are totally unrealistic. Moving as swiftly as proposed in the Republican bill, for example, would create enormous administrative difficulties for states.

- Under our legislation, initial requirements will be manageable, and states will be given the option of moving more broadly and quickly -- with federal matching funds.

QUESTION:

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

ANSWER:

- Under the Administration's plan, States will have the flexibility to increase the size of the JOBS-mandatory group and subject these individuals to the time limit. For instance, a State could decide that the JOBS-mandatory group should consist of individuals born after 1968 rather than 1971.

- Of course, recipients outside the phase-in group will still be subject to the education and training requirements in the Family Support Act under existing rules.

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

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

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

QUESTION:

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

ANSWER:

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

- However, states will have the option to define the phased-in group more broadly, applying time limits and other new rules to a larger percentage of the caseload. In addition, states will be required to serve volunteers from the non-phased-in group to the extent that federal JOBS funds are available. At state option, these volunteers may also be subjected to the two-year time limit in exchange for access to services. We believe that this approach creates a realistic partnership with the states, and sets up a meaningful approach to real welfare reform.

- And of course, recipients not in the phased-in group will still be subject to the education and training requirements in the Family Support Act under existing rules.

QUESTION:

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

ANSWER:

- We believe that President Clinton's welfare reform plan correctly targets initial resources to the youngest third of the caseload: young single women with the most at risk and the most to gain. Research has shown that this group is most at risk for long-term welfare dependency; making them self-sufficient is essential if we are to truly end welfare as we know it. Although the initial investment required may be somewhat larger for this group than for older mothers, it is justified by the greater long-term payoff.

- Applying the reforms to young mothers first sends a clear and unambiguous message to adolescents: you should not become a parent until you are able to provide for and nurture your child. Every young person will know that welfare has changed forever, and that having children is an immense responsibility rather than an easy route to independence.

- New Chance's findings do not speak directly to the Administration's proposed phase-in strategy.

    - MDRC's New Chance demonstration targeted a narrower and more disadvantaged subset of the AFDC population than the group initially phased in under the Administration's welfare reform plan. New Chance participants were very disadvantaged young parents -- the average age of participants was 19 -- who had children as teenagers and dropped out of school.

    - Moreover, the Administration's welfare reform design is significantly different from the New Chance demonstration. The Administration's proposal makes JOBS participation mandatory, focuses on employment, and enforces time limits. In contrast, teen participants in New Chance were volunteers, focused initially on basic skills and education, and faced time limits. Indeed, most recent evidence suggests that a combination of incentives, including sanctions and mandatory participation as well as services are effective in reaching young people.

- Ohio's LEAP program also drastically increased graduation among young welfare recipients with a combination of mandatory participation, strong incentives with sanctions for non-participation, and services. Indeed most recent evidence suggests that a corroboration of strong incentives, including sanctions and mandatory participation, as well as, services are effective in reaching young people.

- More positive results for teenage parents were achieved in the mandatory Teen Parent Demonstration (TDP) conducted in New Jersey and Illinois. TDP was mandatory and had clear sanctions for non-participation. Participation in the TPD, averaging 18 years of age, achieved a 20 percent increase in earnings and a 7 percent decrease in AFDC use over a two-year follow-up period. This was slightly larger than what GAIN achieved over a two-year period (20 percent and six percent).[1]

- The SWIM demonstration, a mandatory welfare to work program operating in San Diego during the late 1980's, provides further evidence that mandatory programs can positively impact young parents. Overall, SWIM achieved an 11 percent reduction in AFDC use over a five-year period. Furthermore, SWIM was more effective in helping young people under age 25 get off welfare than it was for the rest of the caseload.

- Some GAIN findings are very encouraging and support the Administration's JOBs-based welfare approach (GAIN is the California JOBS program). The particularly effective Riverside program shows a program clearly focusing on work can significantly increase employment and reduce welfare use for broad segments of the AFDC population. The differential impact of GAIN on older and younger parents has not yet been determined.

- In a time-limited system, the consequences for institutional or individual failure are more compelling; time limits should improve both the performance and outcomes of programs. Moreover, the impacts of these programs may be more dramatic as work becomes a more rational alternative for mothers on welfare through the enactment of the expanded EITC, universal health insurance, tougher child support enforcement and additional funding for child care.

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

How Long to Phase in Recipients

QUESTION:

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

ANSWER:

- Even using relatively conservative assumptions, by the year 2000, over half (50.2%) of adult AFDC cases will have been phased in. By the year 2005, nearly three-fourths (72%) will be in the program.

- Our phase-in approach will send a strong message to teenagers that welfare as we know it has ended; most effectively change the culture of the welfare office to focus on work; and allow states to develop effective service capacity. Under our legislation, initial mandates will be manageable, and states will be given the option of moving more broadly and quickly -- with federal matching funds.

QUESTION:

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

ANSWER:

- The problem with this type of strategy is that it does not target scarce resources on those who are most likely to benefit from them. Research has shown that those who are most job ready are least likely to benefit from the services provided in welfare-to-work programs. Rather they are likely to find jobs or necessary training programs on their own without this type of assistance.

- Individuals who are at risk at becoming long-term recipients have the most to gain from the education, training, and support services offered. Without the program, many would be unlikely to seek out services they need to become employable on their own. In addition, because this group is more likely to stay on welfare for long periods, the government has the most to gain (in terms of overall reductions in welfare payments) from reducing dependency for this group rather than for the job ready who generally use welfare for short, temporary periods.

7/10/94

State Implementation/Flexibility

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

(2) **What will happen to states with waivers in place, particularly waivers that provide special services to AFDC recipients other than those in the phase-in group? What will happen to states that implemented time units under a Section 1115 waiver.**

(3) **Will states be able draw down the money made available for JOBS/WORK, since some have been unable to under the 1988 Family Support Act?**

(4) **What will be the incentives/matching rates for states?**

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

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

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

(8) How will this plan affect people in the territories?

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

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

Note: Bold indicates key questions

QUESTION:

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

ANSWER:

- Innovative state experiments have provided a blue-print for national welfare reform -- our approach builds upon the states' success and allows them to retain their current flexibility. The Administration's plan increases state options, recognizing that states are the "laboratories of democracy" and that certain problems demand local flexibility. Communities will be encouraged to tailor their WORK programs to local labor market needs and circumstances.

- The plan will also provide state options to:

  - Eliminate discrimination against poor two-parent families in the welfare system;

  - Use monetary incentives as well as sanctions to keep teen parents in school or GED classes;

  - Deny increased benefits to women who have additional children while on welfare;

  - Develop mandatory work programs for noncustodial parents;

  - Grant a limited number of extensions to women in work-study programs or other activities necessary to prepare for work and;

  - Set higher earnings disregards for recipients.

- Demonstrations and pilot programs will allow states to fine-tune the reformed welfare system. We provide demonstration grants for innovative paternity and parenting initiatives, work for wage programs outside the AFDC system, different work support strategies and child enforcement and assurance programs. States may also continue to submit requests for waivers.

QUESTION:

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

ANSWER:

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

IF PRESSED:

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

QUESTION:

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

ANSWER:

- Drafters of the Family Support Act did not anticipate that state budgets would shrink--or that caseloads would expand so dramatically. Over the last few years, state budget shortfalls have meant cuts in public aid staff and reduced state funds available for drawing down JOBS and other federal money. In 1992, states drew down only 69 percent of the $1 billion available from the federal government. At the same time, both child support and AFDC caseloads have grown rapidly. The number of AFDC recipients, for example, increased 33 percent between July 1989 and July 1993.

- Our plan provides $2 billion of additional federal funding and raises federal match rates for both program and administrative costs to ease state fiscal constraints. The federal match will increase further in states with high unemployment. This means that states will receive considerably more federal money without having to spend more themselves -- more money to hire and train additional staff, to implement innovative demonstrations, and to serve a larger number of people.

- Also included in our plan is a provision requiring states to maintain their FY 1994 levels of spending. We have also created a Secretary's fund which will take unspent JOBS/WORK dollars and reallocate them to states who have spent their allocation.

QUESTION:

What will be the incentives/matching rates for States?

ANSWER:

- Many states have experienced budgetary difficulties that were not anticipated at the time the Family Support Act was enacted. Consequently, these states have been unable to draw down their full allocation of Federal JOBS funds because they have been unable to provide the required state match. Under our plan, JOBS, WORK, and all Title IV-A child care programs would have the same federal match rate (for each state). To assist states in drawing down their full allotment, the Federal match rate will be increased by five percentage points in 1996, rising to a level ten percentage points over the current JOBS match rate by the year 2000, with a minimum federal match of 70 percent.

- To ensure that welfare offices operate the program as intended, a new performance system will reward or penalize State performance through adjustments to the federal payments to states for AFDC and JOBS expenditures. Financial incentives will similarly encourage States to exceed target participation rates in JOBS. During periods of high state unemployment, the state match rate for JOBS, WORK, and At-risk Child Care would be reduced by 10 percent (not 10 percentage points).

QUESTION:

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

ANSWER:

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

QUESTION:

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

ANSWER:

- The Administration's proposal gives states adequate time to implement welfare reform, and uses funding incentives to ensure that they do so on schedule. But welfare reform will not mean additional unfunded state mandates. We will increase federal funding for JOBS, pregnancy prevention, child care, and child support enforcement. We will provide new funding for WORK programs. And we will raise federal matching rates to make money more available. Finally, we set aside technical assistance funds to help states implement reform.

- Our phase in strategy responds to state needs for manageable initial caseloads. Our discussions with states indicate that a work program of this proposed size is both effective and feasible. In contrast, the participation requirements in other proposals are totally unrealistic. Moving as swiftly as proposed in the Republican bill, for example, would create enormous administrative difficulties for states.

QUESTION A:

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

ANSWER:

- The highest actual income a person could earn and still receive benefits under our plan will vary by State. As under current AFDC rules, States will set their own need and payment standards. At a minimum, States must disregard $120 per month, in work expense from recipients earnings. Direct provision of child care and certain child care costs will also be disregarded.

- Our plan allows States to further reinforce work by setting higher earned income disregards. States who do not pay benefits at the full level of need may also permit earned income to "fill the gap" between the payment and the need standard, without affecting eligibility.

- Just as in the current AFDC program, we would expect substantial differences in the levels of benefits and computation of benefits across states under our proposal. However, research suggests that higher benefits have little impact on attracting recipients from one State into another (the so-called "magnet theory"). Poor families, like other families, make decisions on where to live based a wide variety of lifestyle factors, including, associations with family and friends, availability of employment and affordable housing, schools, safety, and transportation.

QUESTION:

How will this plan affect people in the territories?

ANSWER:

- The lives of families in the territories should be improved significantly under our plan.

- The territories operate AFDC, Aid to the Aged, Blind, and Disabled, JOBS, child care, and Foster Care programs under the same eligibility and payment requirements as the States. However, funding for these programs is capped for the territories. Benefit payments above the cap are financed 100 percent by the territories. The number of public assistance programs funded under the current caps, coupled with only one adjustment to these caps in 15 years, has seriously limited the territories' abilities to provide, let alone increase, benefits. Further, beginning October, 1994, Puerto Rico will be required to extend eligibility to two-parent families.

- This proposal will continue to give territories the authority to operate public assistance programs and adequate means to do so. We will increase the current caps by 25 percent to create realistic funding levels for the territories that are reflective of the current economy and caseload. We will also index the caps to link funding to economic conditions. At-Risk Child Care expenditures will be removed from the cap to enable the territories to better meet their expanded child care needs. Requirements to operate AFDC-UP programs in the territories will be eliminated. In addition, territories will be permitted, but not required, to implement a two-year time limit and the WORK program.

- Funding for JOBS and the capped entitlement portion of WORK funding will not be part of the section 1108 cap that generally applies to title IV-A expenditures in the Territories.

- Furthermore, while participation rates and performance standards will apply to the programs in the Territories, the Secretary may modify them to accommodate special circumstances.

Performance Measures and Standards

QUESTION:

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

ANSWER:

- One of the most important goals of welfare reform has been to change the culture of welfare. For States, this means expanding the mission of the welfare system from providing economic resources to poor children to helping their parents and caretakers enter the economic mainstream and attain economic independence. This cannot be done unless States adequately serve all recipients in the JOBS and WORK program.

- There are a number of provisions specifying what recourse recipients would have in the event that adequate services are not provided. For example, recipients would be eligible for an extension to complete activities and services which were not adequately provided.

- The Administration's proposal contains rigorous standards regarding the levels of participation in the JOBS and WORK program which would ensure that States are at least providing JOBS and WORK services to families on assistance.

- While it is important to ensure that States meet their obligations, to require specific activities that focus on process rather than outcomes and that hamper State flexibility may be counter-productive. We have incorporated provisions for the implementation of an outcome-based performance measurement system.

- The performance measurement system would assess State performance according to how well clients have fared in addition to how well clients have been served. Financial incentives and penalties would be tied in to a State's performance, thereby creating incentives for States to direct their focus into meeting the overall objectives of the program.

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

QUESTION:

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

ANSWER:

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

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Cost/Financing

(1) **How much does this program cost? Why is it more expensive to get people off welfare than to keep them on the existing AFDC program?**

(2) **How will this reform proposal be paid for?**

(3) **Why are you financing welfare reform on the backs of immigrants and the homeless?**

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

(5) What are the provisions, if any, affecting needy aliens?

(6) Does the Administration's financing package shift cost to the states ?

(7) Do illegal aliens receive any federal benefits?

(8) How many legal aliens receive public assistance benefits?

(9) How is the citizenship status of AFDC applicants verified?

(10) What changes does the President's welfare reform bill make to alien eligibility for federal assistance programs?

Note: Bold indicates key questions

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

QUESTION:

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

ANSWER:

- All of the major welfare reform proposals before the Congress -- including the main Republican alternatives -- carry significant short term costs. The Administration's welfare reform proposal is estimated to cost $9.3 billion over 5 years, less, in fact, than the Republican alternative. However, these costs are fully offset through reductions in existing entitlement programs, extensions of expiring provisions, and EITC enforcement measures. Therefore, the proposal will not increase the federal budget deficit.

- Getting people off welfare is initially costly because it involves investing in people--by providing education and training--instead of just writing welfare checks. The Work and Responsibility Act supports expanded education and training, work opportunities, child care, child support enforcement, and teen pregnancy prevention efforts. While these investments may cost money in the short-term, they will pay tremendous dividends over the long term by of reducing welfare dependency and helping low-income families achieve self-sufficiency.

- The "opportunity" that these services provide is balanced by the individual "responsibility" that we demand. We set up a compact between welfare recipients and the government, program recipients will be given support and assistance in finding jobs. In exchange, cash assistance will be time-limited, and recipients will be asked to take greater responsibility for their families and to make a contribution to their communities.

- The goal of welfare reform is to break the current cycle in which women return to welfare repeatedly because they lack the skills needed for self-sufficiency. Our reform will also strengthen families; to insist that parents -- both mothers and fathers -- take responsibility for their children; and send a message to our young people that they must stay in school and not have children until they are able to support them.

QUESTION:

How will this reform proposal be paid for?

ANSWER:

- The $9.3 billion in program cost is fully offset by reductions in existing entitlement programs, extensions of expiring provisions, and EITC enforcement measures. The bill does not raise taxes or increase the deficit.

- The 5-year savings are derived from the following sources:

  - <u>$1.6 billion: Cap on the Emergency Assistance program</u> -- We will set a cap on this program in 1995 and provide inflation adjustments in future years. Spending in this program has grown tremendously in recent years, from $189 million in 1990 to a projected $1 billion by 1999. Initially designed to help states respond to the acute needs of disadvantaged populations, the Emergency Assistance program is increasingly used by states to fund services that were previously paid for with state funds. As a result, program costs have skyrocketed in recent years, but few new services have been provided to the poor.

  - <u>$3.7 billion: Tighten sponsorship and eligibility rules for non-citizens</u> -- The number of non-citizens who are SSI aged recipients has risen dramatically, from 5 percent of the caseload in 1982 to 28 percent in 1993.

  - Current law provides for a "deeming" period, during which the sponsor's income is considered to determine an immigrant's eligibility for benefits. In 1993, Congress extended the SSI "deeming" period from three to five years. Our proposal makes this five-year "deeming" period permanent law for SSI, AFDC, and Food Stamps. Immigrants who are sponsored by equally poor sponsors will be eligible for benefits, but those whose sponsors earn above the U.S. median family income ($39,500) will not be eligible until they become citizens themselves. The proposal also sets consistent standards of eligibility under AFDC, Medicaid, and SSI for immigrants who are not permanent residents.

- $0.8 billion: New rules regarding SSI benefits for drug and alcohol addicted recipients -- New sanctions and a time limit (generally, 36 months) on benefits will be imposed for recipients who receive benefits based on a substance abuse problem. This issue already is included in the Social Security Independent Agency bill (H.R. 4277) that Congress is debating. We anticipate savings of $800 million from the provision.

- $0.5 billion: Income-test meal reimbursements to family day care homes -- The proposal better targets meals provided in family day care homes to ensure that they go to low-income recipients. Currently, it is estimated that over 70 percent of the subsidies for such meals benefit children from families with incomes above 185 percent of poverty. While assuring that the funds support those children who are most in need, we would to minimize the administrative burden on family day care homes. Homes that are located in low-income areas would continue to receive a higher subsidy while all other homes would have a choice. They could elect to be simply means tested or to receive a reduced rate subsidy.

- $0.5 billion: Limit deficiency payments to higher income farmers -- Farmers with non-farm adjusted gross income of $100,000 or more would not be eligible for Commodity Credit Corporation subsidies. The proposal would target these payments more efficiently, assuring that they are provided to smaller, family farms. The Congressional Office of Technology Assessment has concluded that most big farms "do not need direct government payments and/or subsidies".

- $1.6 billion: Extend Expiring Corporate Environmental Income Tax Used to Finance Superfund -- The Superfund Tax would be extended and a portion would be used through 1998 to help offset the cost of welfare reform. This use of the funds would not affect Superfund hazardous waste cleanup because it already is covered under the discretionary spending caps.

- $0.1 billion: Hold constant a portion of Food Stamp overpayment recoveries for states -- Extend the limits on the proportion of collections that states may retain from Food Stamps overpayments. Although Food Stamps is a totally federally financed program, States are allowed to retain a portion of overpayments as an incentive to increase such collections. Our proposal would extend the 1990 Farm Bill provision to 2004, allowing States to keep 25 percent (previously 50 percent) of the collections from intentional violations and 10 percent (previously 25 percent) from other collections.

- <u>$0.1 billion: Deny EITC to non-resident aliens</u> -- Non-resident aliens are not required to report their non-U.S. income. Therefore, it is not possible to tell whether such persons are eligible for these payments based on total income. The proposal would eliminate such payments for non-resident aliens. It is estimated that about 50,000 people, mostly visiting foreign students and professors, will be affected.

- <u>$0.4 billion: User fees and other savings provisions</u> -- Certain customs service user fees currently due to expire at the end of 2003 would be extended through 2004. These fees include charges for commercial and non-commercial merchandise entering and leaving U.S. warehouses; passenger processing; commercial truck arrivals; railroad car arrivals; and private aircraft entries. We would permanently extend railroad safety inspection fees that are currently scheduled to expire at the end of 1999. While welfare reform would extend the EITC to military families, it also would require such families to report nontaxable earned income, enhancing compliance with EITC rules.

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

QUESTION:

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

ANSWER:

- President Clinton's welfare reform plan addresses immigration issues through the values of family and responsibility central to the rest of his approach. The plan requires those who legally sponsor an immigrant -- usually family members -- to make a real commitment to that immigrant's financial well-being. Our plan, unlike the Republican bills, does not end all Federal assistance to non-citizens. Our plan saves money by cutting benefits to people who have other means of support, but it does not fund welfare reform by abandoning truly needy people who reside here legally, pay taxes, and deserve reciprocal support.

- This approach builds on what Congress has already done. In the fall of 1993, Congress extended the period of sponsor responsibility under SSI from three to five years. Our proposal makes that decision permanent law, and similarly extends the deeming period under AFDC and Food Stamps. In addition, sponsors who earn more than the U.S. median family income ($39,500) will continue to be responsible after the five year period and until the immigrant becomes a citizen.

- In the past, many elderly immigrants who were not in true need nonetheless received SSI benefits. About one-third of the immigrants currently on SSI [and subject to the deeming rules] applied for benefits in their fourth year of residency -- as soon as the deeming period ended -- even though their sponsors were often financially able to support them.

- Deeming does not deny assistance to legal immigrants whose sponsors are poor. Our proposal ensures that truly needy immigrants will not be denied benefits if they become blind or disabled, or if their sponsors suffer financial reverses or die. Refugees and asylees will also continue to be eligible for benefits.

- We have sought to cap the AFDC Emergency Assistance program, which States have gradually used to finance a range of programs unrelated to emergency needs. But this proposal does not cut EA funds and does not preclude use of these funds for services to homeless individuals--it simply encourages States to target these funds for true emergency services and needs.

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

QUESTION:

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

ANSWER:

- Approximately $3.8 billion of the $9.3 billion cost of welfare reform will derive from changes in public assistance for legal aliens. By contrast, other proposals before the Congress are fully paid for by eliminating all Federal assistance to non-citizens.

- The reductions ensure that persons who sponsor immigrants to this country live up to the commitments that they make at the time of sponsorship.

- At the same time, the proposal assures that assistance is made available to those most in need. For example, beyond the five-year deeming period, only those aliens who have sponsors with incomes above the U.S. median or approximately $39,500, would be ineligible for benefits. Needy immigrants will not be denied benefits if they become blind or disabled, or if their sponsor suffer financial reverses or die. Refugees and asylees will also continue to be eligible for benefits.

- In addition, the proposal denies EITC benefits to foreign students and professors, many of whom have substantial income from sources outside the U.S.

QUESTION:

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

ANSWER:

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

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

Background:

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

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

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

COMPARISON OF PROVISIONS ON ALIEN ELIGIBILITY

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

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

QUESTION:

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

ANSWER:

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

QUESTION:

Do illegal aliens receive any Federal benefits?

ANSWER:

- Federal statutes provide that illegal aliens are eligible only for emergency medical care if they meet the other eligibility criteria under the Medicaid program (i.e., are low-income).

- While there is a potential for illegal aliens to receive benefits based on fraudulent documentation, as my testimony has indicated our programs make every attempt to establish correct alienage status through verification procedures, including the SAVE system.

Background Information:

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

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

NUMBER OF LEGAL ALIEN RECIPIENTS

QUESTION:

How many legal aliens receive public assistance benefits?

ANSWER:

- In FY 1992, there were about 325,000 legal aliens receiving AFDC, or about 7 percent of the total AFDC caseload (4,768,572). This count includes refugees, which represented about 30 percent of the legal alien caseload. (Since this is a caseload count, the number of individuals would be higher by a factor of about 3.)

- In December 1993, there were about 683,000 legal aliens receiving SSI, or about 12 percent of total SSI recipients (5,932,620). Refugees represented about 17 percent of all legal aliens receiving SSI.

Background Information:

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

SSI - 1993

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

AFDC - 1992

California	148,573	
New York	61,379	
Florida	17,026	
Texas	16,961	
Massachusetts	13,049	
New Jersey	8,139	
Total	265,127	(or 82% of all AFDC legal alien cases)

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

QUESTION:

How is the citizenship status of AFDC applicants verified?

ANSWER:

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

Background Information:

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

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

QUESTION:

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

ANSWER:

- There are two provisions in the bill that affect alien eligibility under Federal assistance programs.

- The first provision affects sponsored legal permanent residents.

  - It extends the sponsor deeming period under SSI, AFDC, and Food Stamps to five years after the sponsored immigrant has entered the country.

  - Beyond the five years, and until the sponsored immigrant becomes a naturalized citizen, the immigrant will not be eligible for benefits under the three programs if a sponsor's annual income is above the measure of U.S. median family income (about $39,500).

- The second provision affects some non-legal permanent resident aliens by creating a uniform definition of eligibility for such aliens under the SSI, AFDC, and Medicaid programs.

  - It affects primarily aliens who have either entered illegally or have overstayed their temporary visas, and have been found deportable by the Immigration and Naturalization Service (INS).

  - It does <u>not</u> affect those non-legal permanent residents that have received from INS a deliberate immigration decision and status for permanent presence in the U.S--such as refugees, asylees, and certain long-term parolees.

- This new definition of eligibility replaces the ambiguous term "permanently residing in the U.S. under color of law", or PRUCOL, on which current eligibility for non-legal permanent residents is based.

▶ Both provisions allow state and local programs of assistance to disqualify from general assistance programs any immigrant who is found ineligible for SSI, AFDC, Food Stamps, or Medicaid due to these provisions.

▶ Both provisions affect only new immigrant applicants to assistance programs; immigrants already receiving benefits would not be affected as long as they remained continuously eligible for benefits.

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JOBS Program

(1) **Federally-supported job training programs do not have a successful track record, why will this program be more effective?**

(2) Will tribes receive direct funding for JOBS?

(3) Who will determine appropriate training for each recipient?

(4) How will job training program under JOBS be coordinated with existing job training programs in the Department of Labor? How is coordinated with the Administration's Re-employment Act?

(5) If the JOBS and Work programs are part of "One Stop Shopping", what agency will administer the programs and pay for the training?

(6) Could a person be provided with some services without being brought completely into the program?

(7) What participation rate standards will states be held to under the new enhanced JOBS program? What will the required participation rates be under the WORK program?

Note: Bold indicates key questions

Effectiveness of Training Programs

QUESTION:

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

ANSWER:

- Many federally supported training programs have successfully increased employment and earnings, and reduced welfare dependency. For example, recent findings from California's Greater Avenues for Independence (GAIN) program and Florida's Project Independence reaffirm that education, training, and employment programs can increase self-sufficiency and reduce dependency. (California and Florida account for over one-fifth of nation's AFDC recipients.)

- GAIN is a statewide initiative that predated the implementation of JOBS, but now serves as California's JOBS program. According to MDRC's evaluation of six counties, the program significantly increased earnings and reduced welfare payments.

    - Over a 3-year follow-up period, average earnings for single parents increased by 22 percent (25 percent higher in the third year), and welfare payments were reduced 6 percent (8 percent lower in the third year);

    - Riverside County showed particularly impressive results. Over the 3-year period, Riverside increased earnings by 49 percent and reduced welfare payments by 15 percent.

- Project Independence is Florida's statewide program for moving people from welfare to work. After one year of follow-up, Project Independence's impacts resemble GAIN's at the same point.

- By replicating and improving programs such as these, we can build effective JOBS programs across the country.

QUESTION:

Will Tribes receive direct funds for JOBS?

ANSWER:

- Yes. In fact, consistent with the President's interest in providing Tribes the right to self-determination, Tribes will have expanded opportunities to receive direct funding under our proposal.

- Tribes will again have the opportunity to apply to operate their own JOBS programs. If their applications are approved, they will receive direct funding for JOBS, as they do under current law.

- In addition, they will be able to operate their own WORK programs if they elect to operate JOBS.

- Our proposal also allows Tribes to operate their own child care programs for JOBS and WORK participants, and families eligible for transitional child care.

QUESTION:

Who will determine appropriate training for each recipient?

ANSWER:

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

QUESTION:

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

ANSWER:

- At the state level, job training programs will be coordinated through State plans and through the State Job Training Coordinating Council or the Human Resource Investment Council. At the local level job training programs will be coordinated through PICs or the county-administered entities that administer job training programs.

- The agency administering the WORK program would be required to coordinate delivery of WORK services with the public, private, and not-for-profit sectors, including local government, large and small business, United Ways, voluntary agencies and community-based organizations.

- The Reemployment Act authorizes the establishment of One-Stop Career Centers. In a State that elects to operate one-stop career centers, JOBS/WORK would be required components of the one-stop career centers.

QUESTION:

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

ANSWER:

- To enable States to fully integrate education, training, and employment service programs, Governors will have the option to operate the JOBS and WORK programs through an agency other than the IV-A agency. For example, a Governor may choose to operate a combined JOBS/JTPA program. This option will expand State flexibility and will promote innovation and program improvement.

- If a State has a state-wide one-stop career center system, the JOBS/WORK program would be integrated into the system. If the IV-A agency administers the JOBS/WORK program, it can contract with the one-stop career center agency to provide services to JOBS/WORK participants.

- Generally, the One-stop Career Centers will be run by either a consortium that consists of the Employment Service, the JTPA agency, the dislocated worker program, the Unemployment Insurance program and one other locally chosen entity, or by multiple independent operators. These independent operators could be community colleges, vocational schools, or community-based for-profit or nonprofit organizations.

Services Without Being in the Program

QUESTION:

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

ANSWER:

- Yes. States have the option of providing program services, child care, and other supportive services to individuals in the phased-in group who are deferred from the JOBS program. These individuals would not be subject to the time limit.

- Volunteers from the non-phased-in group could be provided services in the new JOBS program if funding was available. States would also have the option of putting these volunteers under time limits.

QUESTION:

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

ANSWER:

- The Administration's proposal contains rigorous standards regarding the levels of participation in the JOBS and WORK program which would ensure that States are at least providing JOBS and WORK services to families on assistance.

- The new JOBS participation rate will be set at 50%, with a tolerance threshold of plus or minus 5%. In other words, over 12 months, a State must be serving an average of 50% of the mandatory caseload each month. States who fail to achieve this rate (i.e., at least 45%) will be financially penalized and State that exceed this rate (i.e., above 55%) shall be granted a financial bonus.

- The penalty would be a 25% reduction in the AFDC matching dollars for the number of recipients who exceed the tolerance threshold. The penalty is assessed on a States AFDC matching dollars because reducing resources from a JOBS program that is most in need of the resources is counter-productive. However, the reduction in AFDC funds sends a clear message to the States that serving all participants is important.

- The amount of the bonus would be set by the Secretary, according to the availability of bonus funds. The bonus dollars would be distributed to the State's JOBS program. Again, this creates the clear link between positive outcomes and rewards.

- For the WORK program, States would be required to serve 80% of the number of WORK registrants. In cases of extreme circumstances, a State would only be required to serve the number of WORK registrants for whom the State had received adequate federal funding. While there would be no bonus for exceeding the 80% rate, States would be subject to a similar 25% reduction in AFDC matching funds for the number unserved registrants below 80% or the minimum number of slots required.

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

- States would face a similar penalty (i.e., 25% reduction in AFDC matching grants) for the number of participants that exceed the allowable cap on granting time-limit extensions.

7/10/94

<u>WORK Program</u>

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

(2) **What kinds of publicly-supported jobs would people get under this program? How much would they be paid? Will they be jobs that provided training to move into higher paying and/or higher skilled labor? Who pays for the supervision of these workers? Will they be required to do anything besides show up for work (continued job search in the private sector, additional training)?**

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

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

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

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

(7) How will states be able to generate the necessary WORK slots, given the mixed history of subsidized jobs?

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

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

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

Note: Bold indicates key questions

(11) Who develops/controls the new WORK programs? What is the Federal role, the State role, the local role?

(12) Will WORK participants, both in subsidized private sector jobs and public sector jobs, receive the same benefits as other employees who do not hold their jobs through the WORK program?

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

(14) Will there be any money saved with the Jobs/Work program?

Jobs for Welfare Recipients

QUESTION:

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

ANSWER:

- Our proposal allows states to develop WORK programs appropriate to the local labor market. States can place recipients in subsidized private sector jobs, in public sector positions, or with community organizations. We believe that providing jobs will allow people to gain job skills and leave welfare.

- During the development of our proposal, we consulted with a broad range of interested parties, including representatives of public and private employee unions, to ensure that we got advice and input on all aspects of welfare reform. There's broad support for mandatory work across the political spectrum.

- The proposal includes strong displacement provisions that apply to employees in both the private and public sector. It prohibits assignments to positions created by layoff, strikes and lockouts. It also prohibits any assignment displacing or infringing on the promotional opportunities of a currently employed worker. Further, States must establish grievance procedures to resolve complaints by regular employees that allege violations of the non-displacement provisions.

- We do not believe employers will strongly prefer subsidized clients to those who are not subsidized. The wage subsidy and other incentives available to employers through the WORK program are intended to level the playing field by compensating employers for increased training costs, rather than to make WORK participants more attractive than prospective employees not in the program.