DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Assistant Secretary
for Legislation

Washington, D.C. 20201

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FROM: HHS/ASL STAFF (Jim Hickman 690-7627)

DATE: July 15, 1994

SUBJECT: Introduction of the "Family Self-Sufficiency Act" by Representative Robert Matsui (D-CA)

PAGES: 13 (including cover)

Robert T.
Matsui
Congressman
Fifth District, California

NEWS RELEASE

FOR IMMEDIATE RELEASE:
July 14, 1994

CONTACT: Carri Ziegler
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Rep. Matsui Rejects the Idea of Time Limits
and
Introduces Welfare Reform Legislative that Emphasizes Work

WASHINGTON -- Calling on his colleagues to remember that welfare was established to protect children, Rep. Robert T. Matsui today introduced welfare reform legislation that focuses on work requirements rather than time limits.

"We cannot institute arbitrary deadlines by which people must be self sufficient," said Matsui, a Democrat from California. "The emphasis should be on work, not time limits."

The Matsui legislation requires parents participation in education, training, or some type of work. Should a parent choose not to participate, the adult's share of the welfare check is withheld. The family still would receive the child's share of the benefit to ensure the child's needs can be met.

Said the Rev. Fred Kammer, S.J., president of Catholic Charities USA: "It is critical that the current debate get beyond slogans and to a serious consideration of how we need to help parents and children in welfare escape both dependency and poverty. We need constructive reform to address the fundamental problems of welfare and that is why Catholic Charities USA supports this legislation."

Matsui said that reform proposals based largely on punitive measures will never succeed. "The issues that cause a family to go on welfare and stay on welfare are often complex. In many cases, even the most inspired recipient may require more than two years to get the education and training needed to move from assistance to independence," Matsui said.

"This important legislation will help ensure that the needs of children and parents remain a priority in the welfare reform debate," said Marian Wright Edleman, president of the Children's Defense Fund.

The Matsui legislation builds on the Family Support Act of 1988. The legislation:

* Increases the funding and flexibility states have in designing and implementing welfare programs.
* Requires all individuals entering the Aid to Families with Dependent Children (AFDC) program receive a preliminary assessment within 30 days to gauge what steps they must take toward self sufficiency.
* Requires at least half of a state's welfare recipients be involved in the Job Opportunities and Basic Skills (JOBS) program. At least half of those must be involved in a public or private sector job rather than education or training.
* Bolsters the quality and availability of child care.
* Strengthens child support enforcement and abolishes welfare rules that penalize marriage and two-parent families.
* Includes tough new education and employment requirements for teenage parents and puts into place preventive and case management services.

A detailed summary of the legislation is available.

FAMILY SELF-SUFFICIENCY ACT

TITLE I -- PROMOTING WORK AND SELF-SUFFICIENCY

I. Funding and Participation in the JOBS program

A. Increase Federal Funding and Match Rates for the JOBS Program

Funding for the JOBS program would increase to $3.7 billion in FY 99, with steady increases so that the FY 94 funding level is doubled by FY 99. In order to help ensure that states are better able to draw down these funds, the federal JOBS match rate would be increased to either 75 percent or the state's Medicaid match rate, whichever is higher, with an assurance that the federal match rate increase for the state by at least five percentage points.

B. Increase JOBS Participation Rates

As funding for the JOBS program increases, state participation rate would be increased substantially. The monthly participation rate would be increased each year to the levels listed below.

* The monthly participation rate would rise from 20 percent in FY 95 to 25 percent in FY 96; 30 percent in FY 97; 40 percent in FY 98; and 50 percent in FY 99.

* Hours of employment, whether subsidized or unsubsidized, would count toward a state's participation rate.

* The JOBS "20-hour rule" would be modified to provide that hours of class preparation count toward the participation rate when an individual is in an approved education activity.

* All individuals entering AFDC would receive a preliminary assessment of self-sufficiency needs within 30 days of AFDC application approval.

* At least half of a state's participation rate would have to consist of individuals engaged in a work activity, such as unsubsidized employment, on-the-job-training, subsidized work, or public sector employment.

C. State Failure to Meet Participation Requirements

The Secretary of HHS shall prescribe by regulation a set of penalties for noncompliance, taking into consideration the extent of noncompliance and any special circumstances, and providing that a substantial failure to comply without good cause shall result in a drop to a 50-50 match. In addition, the Secretary would be allowed to suspend or terminate any pending federallyapproved waiver for failure to meet JOBS participation rates without good cause, and could not grant a new waiver to any state not currently in compliance with federal JOBS obligations.

II. Job Creation, Job Placement and Development, and Work Requirements

A. Use of JOBS Funds for Job Creation

States would be able to use JOBS funds for job creation, with the following conditions:

* Earnings from these jobs would be treated as earned income for all purposes under federal law.

* Jobs would have to pay at least the minimum wage or the same wage rate being paid to others performing the same work.

* States choosing to exercise this option would be required to target their jobs toward families in which the parent had received AFDC for at least 36 of the last 60 months, unless the Secretary approves an alternative targeting plan.

* States would have to abide by strong anti-displacement language to protect already existing low-wage jobs.

* Jobs subsidized under this provision would be limited in during to no more than 24 months.

* As in the current work supplementation program, if earnings from the subsidized job placed the family above the AFDC income guidelines, family members would continue to be defined as AFDC recipients for the purposes of Medicaid and states would have a duty to continue child care.

B. Penalty for Refusal to Accept Employment

Any AFDC parent required to participate in the JOBS program would be removed from the AFDC grant if the parent refused to accept any job, private or public, including jobs funded through the JOBS program, without good cause. A state could opt to use its public jobs program to require those job-ready individuals to accept employment and work as a condition of further assistance.

C. Expansion of Job Placement, Development, and Retention Activities

States would be required to spend a minimum of 10 percent of JOBS funding on job placement, job development, and job retention support activities. States also would be required to provide case management services for JOBS participants entering employment for a minimum of 90 days after employment entry, with a state option to have case management services provided for up to a year after entering employment.

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III. Working Poor Families

A. AFDC Dollar-for-Dollar Work Penalty

States would be required to end the dollar-for-dollar work penalty, while allowing substantial state discretion to choose how much additional support to provide to working poor families.

* States would be required to exclude at least $120 and 1/3 of the remainder of earnings when determining a family's amount of assistance.

* States could choose to exclude as much as $200 and 50 percent of the remainder of earnings when determining a family's assistance.

B. Health Care for Working Poor Families

To ensure greater access to transitional Medicaid benefits:

* Quarterly reporting requirements for transitional Medicaid would be eliminated, allowing states discretion to determine appropriate reporting requirements.

* States could opt to provide transitional Medicaid to families who had not received AFDC for three months before leaving AFDC for employment.

* States could opt to extend transitional Medicaid either for one additional year, or for so long as the family's gross income does not exceed 185 percent of poverty.

IV. Treatment of Two-Parent Families

A. End Restrictione on AFDC-UP Eligibility

This provision would make eligibility for AFDC for two-parent families based on need, having a child, and living with a relative, rather than the employment status of one of the parents. Additionally, two-parent families would be subject to the same participation requirements that apply to single-parent families under this bill.

B. Eliminate Penalty Against Low-Income Parents Getting Married

Stepparent's income would continue to be deemed as under current law, but an allowance would be provided for the stepparent and his legal dependents in the amount of 130 percent of the poverty line. There would be no deeming penalty imposed upon an AFDC parent who married a stepparent whose income was below 130 percent of poverty, or such higher figure as the state determines.

V. Child Care

A. Federal Match for AFDC Child Care

The federal match rate for AFDC child care services would be increased to 75 percent or the state's federal Medicaid matching rate, whichever is greater with an assurance that it increase by at least five percentage points. States would be held to maintenance of effort requirements to ensure that increased federal spending does not simply replace state funding.

B. At-Risk Child Care

Funding for the "At-Risk" child care program for the working poor would be increased to $2 billion a year by FY 99, and the match rate would be improved to that of the revised match for the AFDC child care program under this legislation. State maintenance of effort would be required for funding under this program.

States that draw down their entire "At-Risk" allotment would be entitled to an incentive payment. States would be required to use this payment for direct services for "At-Risk" families or for quality improvements and infrastructure for AFDC and "At-Risk" child care. States could not use these incentive payments to replace state or local expenditures for staff or administration.

C. Child Care Reimbursement Rates

Child care rate polices would be clarified so states are clearly directed to pay the local market rate for child care under the AFDC, Transitional Child Care, and At-Risk child care programs, and that market rate may not be below the 75th percentile.

D. Set-Aside for Improvement of Infrastructure and Quality

A set-aside of ten percent of the At-Risk child care funds would be paid to states for the purposes of improvements in the quality of services, building of infrastructure, development of on-site or near-site facilities for teen parents attending school, states licensing and registration requirements, monitoring, and assistance to providers to meet standards for the AFDC, Transitional Child Care, and At-Risk child care programs.

E. Child Care for Working AFDC Parents

The disregard for child care would be increased, and states would be required to provide families with a choice between the disregard and other payment mechanisms used for AFDC child care, such as vouchers.

F. Uniformity of Child Care Standards

The standards under the Child Care and Development Block Grant would be applied to the AFDC, Transitional Child Care, and At-Risk child care programs. The set-aside of funds under the At-Risk child care program would be available, in part, to assist unlicensed or unregistered providers come into compliance with licensing or registration requirements.

G. Identification of Child Care Needs

States would be required to assess the child care needs of AFDC parents at the times of initial intake, when entering the JOBS training program, entering employment, or upon change of placement or employment.

H. Information About Child Care Options

States would be required to provide families with information, counseling, and referral about how to choose and locate child care.

I. Ensuring Reimbursement Mechanisms Meet Family Needs

States would be required to offer at least one mechanism for prospective payment of child care expenses to each family.

J. Facilitation of Continuous Service

States would be required to counsel families receiving Transition Child Care about the opportunities for ongoing child care assistance, offer assistance to those families wishing to apply for continuing assistance, and provide such assistance upon request. States also would be required to file with the Secretary of HHS a plan detailing how they will improve notice to potentially eligible families for these benefits.

K. State Option to Extend Transitional Child Care Benefits

States could opt to provide transitional child care benefits to families who had not received AFDC for three months before leaving AFDC for employment. States also could opt to extend transitional child care either for one additional year, or for so long as the family's gross income does not exceed 185 percent of poverty.

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TITLE II -- CHILD SUPPORT ENFORCEMENT

Strengthening Parental Responsibility and Family Stability

A. Expansion of Functions of Federal Parent Locator Service

The functions of the federal parent locator services would be expanded to provide information about the whereabouts of an absent parent when that information is used not only for the enforcement of child support obligations, but also for the establishment of parentage and the establishment and modification of child support orders.

B. Expansion of Federal Parent Locator Systems

The information collected by the Federal Parent Locator System would be expanded to include not only the most recent residential address and employer name and address, but also the amounts and nature of income and assets. The Secretary of HHS would be required to expand the Parent Locator Network to establish a national network based on the comprehensive statewide child support enforcement systems, which would allow states to locate any absent parent who owes child support and facilitate collection of child support between states.

C. Federal Child Support Order Registry

A federal registry containing all child support orders entered or modified in any state would be established by the Secretary of HHS. States could use this registry to enforce and track all child support orders, particularly interstate orders.

D. National Reporting of Employees and Child Support Information

The Secretaries of Treasury and Labor would be required to establish a system of reporting of employees, by requiring employers to provide a copy of every employee's W-4 form, which would include information about the employee's child support obligations, to the federal child support order registry to track child support orders.

E. Establishment of State Registries

Each state would be required to establish an automated central state registry of child support orders, which, under a phase-in plan, would eventually contain all child support orders entered, modified, or enforced in the state.

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F. Paternity Establishment Procedures for Voluntary Acknowledgements

Procedures would be established to make the voluntary acknowledgement of paternity simpler, including the use of hospital-based acknowledgements. Due process protections would be established for those individuals voluntarily acknowledging paternity with extra protections for minor noncustodial parents who voluntarily acknowledge paternity.

G. Enhanced Outreach to Encourage Paternity Establishment

An enhanced federal match rate of 90 percent would be put into place for greater state outreach efforts to encourage voluntary paternity establishment. This outreach could occur through providers of health services, such as prenatal health care providers, health clinics, or hospitals.

H. Streamlining Civil Procedures for Paternity Establishment

Civil procedures used to establish paternity would be streamlined through such activities as advancing the cost of genetic tests, subject to recoupment from the putative father of the child if he is determined to be the biological father; and allowing the forgiveness of state-paid medical expenses associated with the birth of the child if the father cooperates or acknowledges paternity.

I. National Child Support Guidelines Commission

A National Child Support Guidelines Commission would be created to develop a national guideline by which child support orders would be established.

J. Incorporation of Successful Enforcement Practices

Expanded credit reporting requirements, provision of information from financial institutions, denial of licenses and passports, expanded state authority to garnish certain benefits, and expanded use of liens on assets would be put into place to further facilitate the enforcement of child support orders.

K. Statute of Limitations for Enforcement

The age through which a state could pursue back child support would be extended until the child to whom the support is owed reaches age 30.

L. Strengthening of Federal Efforts in Enforcement

The Internal Revenue Service would have the authority to intercept tax refunds for all child support cases with arrears, as well as to enforce and collect child support arrears even when the absent parent is not owed a tax refund.

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M. State Requirement to Adopt the Uniform Interstate Family Support Act (UIFSA)

States would be required to implement laws that adopt the Uniform Interstate Family Support Act, in order to establish consistent state procedures with regard to the modification, collection, and enforcement of interstate child support orders.

N. Administrative Processes

In order to improve the establishment of paternity and establishment and enforcement of child support orders, states would be able to continue to have in place either a judicial or administrative process. However, if a state is unable to meet standards through its judicial process, it would be required to put into place an administrative process.

O. Child Support Assurance

Demonstration authority would be granted to six states to establish a system of assured minimum child support payments. Under such a system, all children who are owed child support would receive an assured minimum child support payment through the state; the state would assume responsibility for recovering as much of the assured benefit as possible through its child support enforcement system.

P. Employment Opportunities for Non-Custodial Parents

Teen non-custodial parents who are unable to pay child support would be able to participate in an education, training, or employment program, in lieu of their child support obligation. These activities, which must be designed to increase the teen parent's earning potential, would include attending high school, participating in a training program, or the JOBS program. States could not spend more that five percent of their JOBS money on these services.

TITLE III -- TEEN PARENTS AND WELFARE REFORM

I. Family Obligations

A. Minor Teen Parent Residency Requirement

States would be required to put into place a residency requirement for minor parents receiving AFDC. Under the residency requirement, a minor teen parent must live at home or in a prescribed setting, except under certain circumstances. The residency requirement would not be applicable if the minor's parent or legal guardian is deceased, missing, or living in another state or will not allow the teen to live at home; the teen has been living independently for a year or more prior to the birth of her child; the teen is a ward of the court or the state and has been approved for independent living; the teen has been emancipated by court order; the physical or emotional health and safety of the teen and her child would be jeopardized if they lived with her parent or guardian; or application of the requirement would prevent her continued participation in an approved substance abuse treatment program or an education or training program or a job.

B. Grandparent Deeming Rule

The income of the teen parents (the grandparent) would be deemed when calculating the grant amount as is done under current law. However, there would be no deeming penalty imposed upon a teen parent who resided with a parent (the grandparent) whose income was below 130 percent of poverty, or a higher figure at the state's option.

C. Paternity Establishment and Child Support

Changes in the establishment of paternity and the modification and enforcement of child support with respect to teen parents are included under Title II, Child Support Enforcement. Additionally, provisions regarding facilitation of paternity establishment for teen parents are included in the subsection of this Title, regarding Case Management.

II. Education and Employment

A. Education and Employment Requirements

States would be required to put into place programs designed to keep pregnant and parenting teens in school. States would be required to employ a system of bonuses to reward teen parents who stay in school and sanctions for those who fail to attend their education or employment training program. States would have discretion to set the bonus or sanction level, within established parameters. While in most cases an educational activity would be mandated, in some situations an employment training activity or job could be substituted. Those teen parents whose incomes are below 185 percent of poverty and who need child care in order to attend school would be eligible for such services.

B. Summer Activities and Teen Earnings

States also could employ a system of bonuses to enroll teen parents in summer education or training activities. Income earned during these summer programs would be disregarded when calculating the AFDC grant level and eligibility.

III. Case Management

A. Case Management for Teens on AFDC

States would be required to put into place a system that provides intensive case management services to teen parents on AFDC. Increased funds would be available to the states through the JOBS program, with up to $400 million available by FY 99.

The responsibilities of case managers would include assessing the appropriateness of the teen parent's living arrangements; providing referrals to appropriate services, such as child care, health care, and educational services; and facilitating paternity establishment. To ensure that case manager's have the capacity to effectively implement the full range of their responsibilities, a case management ratio, with an allowance for state flexibility, would be established.

Please provide comments to Chris Mustain

DRAFT (395-3923) by 10:00 AM Friday.

TO THE CONGRESS OF THE UNITED STATES:

I am pleased to transmit for your immediate consideration and enactment the "Work and Responsibility Act of 1994." Also transmitted is a section-by-section analysis.

It is time to end welfare as we know it, and replace it with a system that is based on work and responsibility, designed to help people help themselves. This legislation is designed to reinforce the fundamental values of work, responsibility, family, and community. It rewards work over welfare. It signals that people should not have children until they are ready to support them, and that parents -- both parents -- who bring children into the world must take responsibility for supporting them. It gives people access to the skills they need, and expects work in return. Most important, it will give people back the dignity that comes from work and independence.

The "Work and Responsibility Act of 1994" will replace welfare with work. Under this legislation, welfare will be about a paycheck, not a welfare check. To reinforce and reward work, our approach is based on a simple compact. Each recipient will be required to develop a personal employability plan designed to move him or her into the workforce as quickly as possible. Support, job training, and child care will be provided to help people move from dependence to independence. But time limits will ensure that anyone who can work, must work -- in the private sector if possible, in a temporary subsidized job if necessary.

This legislation includes several provisions aimed at creating a new culture of mutual responsibility, including provisions to promote parental responsibility, ensuring that both parents contribute to their children's well-being. This legislation establishes the toughest child support enforcement program ever proposed. The legislation also includes incentives directly tied to the performance of the welfare office; extensive efforts to detect and prevent welfare fraud; sanctions to prevent gaming of the welfare system; and a broad array of incentives that States can use to encourage responsible behavior.

Preventing teen pregnancy and out-of-wedlock births is a critical part of welfare reform. To prevent welfare dependency in the first place, teenagers must get the message that staying in school, postponing pregnancy, and preparing to work are the right things to do. Our prevention approach includes a national campaign against teen pregnancy and a national clearinghouse on teen pregnancy prevention. Roughly 1,000 middle and high schools in disadvantaged areas will receive grants to develop innovative teen pregnancy prevention programs.

The "Work and Responsibility Act of 1994" proposes dramatic changes in our welfare system, changes so large that they cannot be accomplished overnight. We phase in these changes by focusing on young people, to send a clear message to the next generation that we are ending welfare as we know it. The bill targets resources on women born after December 31, 1971. This means that over time, more and more women will be affected by the new rules: about a third of the caseload in 1997, and about two thirds by 2004. States that want to phase in faster will have the option of doing so.

The impacts of these changes will be far-reaching. In the year 2000, 2.4 million adults will be subject to the new rules under welfare reform, including time limits and work requirements. Almost one million people will be either off welfare or working.

But the impact of welfare reform cannot be measured in these numbers alone. This legislation is aimed at strengthening families and instilling personal responsibility by helping people help themselves. We owe every child in America the chance to watch their parents assume the responsibility and dignity of a real job. This bill is designed to make that possible.

I urge the Congress to take prompt and favorable action on this legislation.

Mayors response to welfare reform

FINAL
ADOPTED
6/13/94

Resolution No. 38

Submitted By:

The Honorable Bruce Todd
Mayor of Austin

The Honorable Emanuel Cleaver II
Mayor of Kansas City

The Honorable Norm Rice
Mayor of Seattle

WELFARE REFORM

1) **WHEREAS, it is generally acknowledged that the nation's welfare system is badly in need of reform; and**

2) **WHEREAS, welfare reform should be based on the following principles:**

- **Preventing individuals from needing public assistance, both through long-term solutions, such as teen pregnancy prevention and education reform, and by targeting the needs of certain populations such as young people;**

- **serving as a transition to self-sufficiency by assuring that adequate training is provided that will be relevant to the jobs that are available, that there are enough jobs which provide a living-wage, and that child care, health care and other necessary services are provided;**

- **Supporting two-parent families by removing programmatic disincentives for families to stay together and identifying non-custodial parents, promoting their responsibility and payment of child support, and providing them training and employment assistance;**

- **Not changing the system at the expense of the children's well-being;**

- **Providing necessary additional federal resources so that costs are not shifted to state and local governments;**

3) **WHEREAS, the Clinton Administration has engaged in an extensive effort to develop a welfare reform proposal which is soon to be announced and which is intended to "end welfare as we know it;" and**

4) **WHEREAS, the Administration's welfare reform proposal has four basic principles:**

- **Preventing teen pregnancy and promoting parental responsibility;**

- Making work pay/child care;
- Transitional assistance followed by work; and
- Reinventing government assistance,

5) **NOW, THEREFORE, BE IT RESOLVED** that The U.S. Conference of Mayors supports the framework of the Clinton Administration's welfare reform proposals and its four basic principles; and

6) **BE IT FURTHER RESOLVED** that The U.S. Conference of Mayors recognizes the critical relationship of welfare reform to health care reform and the importance of accomplishing both as quickly as poosible if we are to address many of the nation's basic social problems; and

7) **BE IT FURTHER RESOLVED** that the U.S. Conference of Mayors has identified several areas of concern in the Clinton Administration's welfare reform proposals, in particular several provisions relating to transitional assistance followed by work and promoting parental responsibility; and

7) **BE IT FURTHER RESOLVED**, that The U.S. Conference of Mayors supports the Clinton Administration's proposal for transitional assistance of up to two years followed by work, but believes that it should provide extensive education and training services to help recipients support themselves and their families, thereby reducing their chances of returning to the welfare system; and

8) **BE IT FURTHER RESOLVED**, that these services be channeled through the existing employment and training systems that currently provide workforce development services, and that mayors be recognized partners and play an active role in planning, designing and implementing these employment and training services to meet the needs of local welfare clients.

9) **BE IT FURTHER RESOLVED** that the Conference of Mayors believes that community service jobs developed through the Work Program should be seen as important jobs, not jobs of last resort, and that they are a way of addressing identified community needs. Specifically:

- Mayors and other local government officials need to be actively involved in identifying the jobs to be done and the agencies administering them. Job creation and identification as well as training activities should be coordinated with existing employment and training activities, in particular with Job Training Partnership Act programs and Private Industry Councils.
- The jobs should be structured in such a way that long term job slots are created which different recipients may move through so that the administering agency can have confidence that the job will continue to be performed

even after a recipient is moved into a private sector job.

- The jobs should provide pay and benefits equal to other workers doing the same work, without displacing current workers and jobs.

- Persons in subsidized Work Program jobs should be eligible for Earned Income Tax Credit benefits. This is necessary to send the message that work pays, and that these are important jobs. It also means that the recipient will be more likely to maintain a decent standard of living during the period he or she is in a community service job.

- Exceptions to the requirement that an individual must work after two years of transitional assistance should recognize individual needs.

- The two-year limit should not apply for the lifetime of the recipient. The program must recognize that future circumstances may require an individual to need welfare assistance again; and

10) **BE IT FURTHER RESOLVED**, that while The U.S. Conference of Mayors believes that both parents should be responsible for both the financial and emotional support of their children, some of the provisions under promoting parental responsibility raise concern:

- While it is agreed that a much greater effort should be made to establish paternity and hold the father as well as the mother responsible for the child, the requirement of naming potential father's should not constitute an invasion of the mother's privacy.

- States should not be allowed to impose a family cap on welfare recipients because a family cap is not a disincentive to having additional children, and merely punishes those children.

- We support the requirement that minor parents live with a parent or another responsible adult, but there must be assurances that the arrangement is in the best interests of the mother and the child (i.e. that the minor parent not be deprived by the adult of the benefits received, that the home provide a safe environment and that needed services be available); and

11) **BE IT FURTHER RESOLVED**, that The U.S. Conference of Mayors opposes the three types of entitlement cuts currently being discussed to finance welfare reform:

- Denying SSI, AFDC and Food Stamp benefits to non-citizen recipients who have been in the country less than five years

- Capping the AFDC Emergency Assistance program

- Means-testing the child care feeding program; and

12) **BE IT FURTHER RESOLVED**, that The U.S. Conference of Mayors commends the Clinton Administration for the extensive and open consultative process in which it engaged during the development of its welfare reform proposals.

Projected Cost: $9.5 billion

DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Assistant Secretary
for Legislation

Washington, D.C. 20201

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FROM: HHS/ASL STAFF (Jim Hickman 690-7627)

DATE: May 10, 1994

RE: Copy of Mainstream Forum Welfare Reform Proposal

PAGES: 26 (including cover)

-- Follow OBRA 1993 recommendations for paternity establishment and require hospital-based paternity establishment for all single mothers. Ensure that states have simple civil consent-procedures for paternity establishment that are available at hospitals at the time of birth.

-- Follow OBRA 1993 recommendation requiring states to develop a simple civil consent procedure for paternity establishment outside of the hospital setting.

-- Encourage states to make available on-site hospital social service for pregnancies resulting from rape or incest.

-- Require states to offer positive paternity/parenting social services for new fathers. The Secretary of HHS shall develop regulations for programs that provide new fathers positive parenting counseling that stresses the importance of maintaining child support payments.

-- Make benefits contingent on paternity establishment except for limited exemptions -- According to HHS, AFDC benefits are already contingent on the listing of the identity of a non-custodial parent. However, many loopholes remain in enforcing the AFDC parental identification. At this time, there is no reciprocal obligation for welfare recipients to help the government locate an absent parent. Accordingly, it has been proposed that we shift the onus of certain parent locator services of an absent parent to the AFDC applicant. All new AFDC applicants will be required to provide detailed information (i.e. more than just a name) about an absent parent or risk being denied or losing their benefits. The following information is required:

--Full name
--Telephone number if applicable
--Last known address
--Last known employer
--Closest living relative
--Social Security number
-- One other reference of identity
-- Driver's license ownership

For those who are not able to provide the above stated documentation, they would be required to document and show diligence that they made a serious and ernest attempt to obtain the documentation.

If a mother claims fear of harm to herself or to her child in order to exempt herself from paternity establishment, she should provide documentation to prove such danger exists (i.e. police report or a restraining order or an affidavit by a social service provider). Require HHS and the states to provide information about available social service agencies that will evaluate claims of prior or potential harm if no documentation exists.

Victims of rape and incest should be exempt from providing names of parents. The Secretary of HHS will be required to develop federal guidelines concerning this exemption.

-- States are required to review and expand incentives for paternity establishment and child support payments for poor mothers by increasing child support pass through from $50 to $100 per month.

--Parents who willfully and fully comply with paternity establishment requirements will not be denied benefits, nor will they be denied benefits if the state has not met its responsibilities and obligations in assisting with paternity establishment

Enforce child support through demanding and uncompromising punitive measures for dead-beat parents including:

-- Strongly reinforcing direct income withholding measures for child support orders.
-- Allowing workers' compensation to be subject to income withholding of child support.
-- Requiring states to establish procedures under which liens can be imposed against lottery winnings, gambler's winnings, insurance settlements and payouts, and other awards.
--Require non-compliant noncustodial parents delinquent in their child support payments to enter a work program in which they work to pay off benefits going to support their child. Follow Wisconsin model, "The Children First Program."
-- The parent of a dependent person under the age of 18 shall maintain (financially and otherwise) a child of the dependent person so far as the parent is able and to the extent that the dependent person is unable to do so. States may opt out of this provision by state plan amendment.

V. Teen Pregnancy and Family Stability

Long-term welfare dependency is increasingly driven by illegitimate births. Too many teens are becoming parents and too few are able to responsibly care for and nurture their children. A CBO report shows that half of all unmarried teen mothers receive AFDC within a year of the birth of their child and three-fourths receive AFDC by the time their child turns five. The provisions discussed below address this horrific problem. To combat this problem, we propose the following:

--Promote individual reproductive responsibility by no longer supporting increases in AFDC funding to mothers who have additional children while receiving these benefits (also known as the Family Cap). States may opt out of this requirement under state plan amendment.

-- Prevent minor mothers from setting up their own households by disallowing them from receiving separate AFDC benefits. The minor mother shall be required to live with a responsible adult, preferably a parent (with certain exceptions when deemed necessary). AFDC benefits shall be calculated on the household of the parent or responsible adult, not on the situation of the minor mother. Extensive case management for minor parents under 18 is required to screen and assess the individual home situations.

-- Fund a national educational campaign to teach our children that children who have children are at high-risk to endure long-term welfare dependency.

-- Teen parents under the age of 20 who do not have a high school diploma or GED will be required to remain enrolled in school full-time and receive a bonus of 25% a month if school attendance requirements are met or a penalty of 25% per month if those requirements are not met. Federal reimbursement mandated to the states for this provision.

-- Allocate 10% of the Work First funds to states to create or expand programs for non-custodial parents born 1972 or later (25 and under by 1997) to promote responsibility and work in the same way the Work First program does for young single mothers.

-- Eliminate the 100 hour rule and the 6 month benefit receipt maximum for married two-parent families as well as other provisions which create a disincentive to marry, thereby removing the disincentive to marry, by allowing married two-parent families to receive the same benefits single parent families receive. Additionally,

* eliminate the quarters of coverage requirement under AFDC-UP for married individuals if both are under the age of 20, and

* a stepparents income shall not be calculated as countable income if the family unit's total income is at or below 130 percent of the Federal poverty line. If the family unit's total income is above 130 percent of the Federal poverty line, that income which is above the limit shall be counted against any potential AFDC benefit.

*Maintain restrictions in current law for non-married couples.

These provisions effectively eliminate the AFDC-UP program.

States may opt out of this provision under a state plan amendment.

-- We support state usage of Family Support and Preservation Funding under Title IV-B to provide additional child welfare services to promote stable families, or in cases where that is not possible, better adoptive and foster care services.

State Goals

-- Educate our children about the risks involved when choosing parenthood at an early age.

-- Ensure that every potential parent is given the opportunity to avoid unintended births through reproductive family planning and education.

-- States are encouraged to use Title XX money for comprehensive services to youth in high-risk neighborhoods through community organizations, churches, and schools which could help change the environment.

-- Work with schools for early identification and referral of children at risk.

VI. Community Service

At the end of two years, if a welfare recipient has not found full-time employment, he or she will no longer be eligible to receive AFDC, but will have the option to volunteer for a full-time (30 hours or more a week) community service job for minimum wage and/or have access to placement and support agencies and/or subsidized jobs as described in the "Work First" section. Also required is an additional five hours per week of job search, bringing the total minimum hours of activity to 35 hours a week. (States have the option to pay higher wages if they choose.) Community service will be funded with the same 80/20 federal/state matching rate mentioned above (see exceptions under financing, section VII). Community service jobs will act as a buffer to temporarily employ people who haven't found jobs. It should be considered only as a last resort.

• State Participation: State governments should be allowed the greatest amount of flexibility possible, but should follow the guidelines below. States should not be too financially burdened.

• Community Service Required Guidelines:
-- States are encouraged to include organized labor groups, private sector companies, and community groups in the administrative process.
-- Recipients should work full-time (30 hours a week or more) for wages instead of benefits to foster increased self-sufficiency.
-- If a recipient is working in a part time unsubsidized private sector job at the end of the two year Work First Program, he/she will be allowed to maintain that job during community service provided that they fill the remaining 35 hour requirement with a community service work and job search for a full-time unsubsidized private sector job.
-- Current public sector employees shall not be displaced due to job creations for welfare recipients.
-- Community Service participants must continue an aggressive job search during hours not working in community service, bringing their minimum activity requirement to 35 hours a week, to seek full-time employment while engaged in community service.
-- Recipients will be paid at least a minimum wage.
-- Community service should be time-limited to three years. (States may extend the time-limit to those participating in Community Service through a state plan amendment but no federal match will be offered for an extension). States will have the option to receive federal funds to readmit persons who have not found employment after two years of the Work First program and three years of community service or persons who have used up their two year Work First and three year community service time limits but were successful at finding work

or otherwise leaving welfare but need to return because of a change of circumstances. Any person being readmitted must be re-evaluated by a caseworker or case management team and will have a choice to cycle back into the transition program and/or community service. The number of each people a state may readmit will be calculated from taking 10% of the year's total projected number of entrants into the Work First program for the calendar year the said person applies to her caseworker to recycle, as determined by each state. The time period and the number of times each person will be allowed to be readmitted back into either program will be re-negotiated in a new contract between the recipient and the state or social service agency. Only true hardship cases should be considered for by the states to readmit -- people truly not ready to work.

--While recipients will receive minimum wage and food stamps, they will not be eligible for the EITC while enrolled in community service.

-- At state option, those enrolled in "Work First" may have the option to choose community service before the two year limit.

-- Case management and caseworker services must be available for those enrolled in community service and subsidized jobs.

-- A community service enrollee will be given a maximum of three placements during which instances of non-compliance may occur after which the enrollee will no longer be allowed to participate in community service placements. A definition of acts of non-compliance shall be determined by the state and/or employee but must include sanctions for those who are offered a private sector do but do not accept that job without good reason.

VII. Program Simplification

States bear a heavy administrative burden in implementing the AFDC and Food Stamps programs, mainly because of complicated, inconsistent and rigid policies. The operation of these programs should be simplified by unifying the policies that determine eligibility for these programs and allowing states different options for the implementation of their programs.

Increase state flexibility: Many states are moving forward with demonstration projects to test program changes that might increase the effectiveness and efficacy of a program. However, the waiver process is currently a cumbersome process. The current Administration is commended for their expedient consideration of state waivers. However, in order to ensure expedited consideration of state waiver applications in the future, decisions on such applications shall not exceed 90 days, unless mutually agreed upon by the Secretary and the state. Any state currently operating under a Federal waiver may opt out of the new Work First requirements state herein to complete the approved waiver (s) with approval by the Secretary. In addition, states shall be able to apply for waivers of both statute and regulation.

States are given flexibility in developing their welfare reform plans by allowing for states to determine how to structure their Work First and Community Service programs to best suit their particular needs. States also have the ability to choose among provisions listed as options in the plan or, at their discretion, altering the plan through state plan amendment (by state legislature or a state Dept. of Social Services decree). Neither options nor state plan amendments require federal waivers. These optional and state plan amendment items -- each of which is noted in this draft -- shall be included solely for one or more of the following purposes: to assist recipients' ability to achieve or sustain self-sufficiency, to promote family unity, to prevent individuals from becoming eligible for income-contingent aid, to promote personal responsibility, to break the cycle of dependence, and to improve the coordination, simplification and efficacy of welfare programs.

Optional provisions include: liberalizing the level at which earnings disregards will be set; extending the time period in which clients must meet with case management teams to develop the employability contracts; and allowing a maximum of 10% of the number of projected entrants to the Work First program for the year expected to reenter the transition program or community service after completing both the two year transition program and three years of community service without having found full-time, unsubsidized work after good effort as deemed necessary by case workers.

State plan amendment programs include: implementation of electronic benefit transfer systems; opt out of implementation of a family cap; opt out of the elimination of the 100 hour rule and 6 month benefit receipt maximum; and opt out of the requirement that the parent of a dependent person under the age of 18 shall maintain a child of the dependent person so far as the parent is able and that the dependent person is unable to do so.

<u>Simplify the application and eligibility process for AFDC and Food Stamps</u>: Some of the most time-consuming and difficult tasks in administering these programs are the initial procedures now required to take and process applications. Twenty specific provisions are included in this bill that will significantly improve this process. These include provisions to unify the application, deductions, eligibility, income, resources, certification and recertification rules for AFDC and Food Stamps. These changes will improve the efficiency of programs for both clients and caseworkers. These changes include, but are not limited to:

(1) Amend Food Stamp Act, and AFDC to allow a state that exempts funds from a complementary program in AFDC or Food Stamps to also exempt income from that program for the other program;

(2) Disregard for both AFDC and Food Stamps any energy assistance payments based on financial need received on behalf of a household to cover the costs of heating or cooling from either public or other general assistance programs.

(3) Amend existing legislation (Food Stamp Act and Social Security Act) to completely disregard all educational assistance, even that portion that is used for current living costs;

(4) Exclude as a resource from both programs income-producing real property,

essential to employment or self-employment, that produces income consistent with its fair market value. Income produced is counted;

(5) Exclude life insurance as a resource from both programs;

(6) Exclude excess medical expenses as an allowable deduction under both programs.

(7) Exclude as a resource for both programs, real property that the household unit is making a good faith effort to sell. Once sold, proceeds will be counted as income and can be taken into account by state social workers reviewing household's benefits.

(8) Amend both Food Stamp and AFDC laws so that the funds of future programs are treated equally with regard to exclusion;

(9) Simplify the verification requirements for processing Food Stamps and AFDC applications.

(10) Allow states to have flexibility in handling recertification and redetermination issues. States should be allowed open-ended authorization of benefits. States should also be allowed to decide the certification period that will be assigned for reviewing monthly and non-monthly households. A certification period may range from one to twelve months.

(11) Modify AFDC law to conform with the Food Stamp 12 month limit on restored benefits: Under current AFDC law, there is no time limit for the correction of underpayments. The Food Stamps program on the other hand, imposes a 12 month limit on restoring lost benefits unless there is a special exception. Allow states to develop exceptions to the 12 month limit, subject to approval by HHS.

A more complete list of changes in the AFDC and Food Stamp programs is available upon request.

Encourage improved automation and technology: Increased use of automation serves to improve the efficiency of programs and reduces the level of fraud and abuse of programs. In addition, a recent study by the Office of Technology Assessment has cited the implementation of Electronic Benefit Transfer Systems for Food Stamps as a potential to significantly reduce fraud and abuse in the system. States are strongly encouraged to implement such programs.

VIII. Fraud Reduction

Tamper-proof Social Security Card:

Require the Secretary of HHS to conduct a study and report its findings to Congress on the feasibility of a tamper-proof social security card to be used in coordination with a National

Health Card

SSI

The Mainstream Forum recognizes the need for reform within the Supplemental Security Income system. Currently, the SSI program is suffering from significant fraud and abuse. We support the efforts by the Social Security Administration's Disability Reengineering Team to address these concerns particularly in the area of disability definition.

We support the following abbreviated preliminary proposals by the SSA in its reform efforts to define disability:

SSA must have a structured approach to disability decision making that takes into consideration the large number of claims SSA receives and still provides a basis for consistent, equitable decision making by adjudicators at each level. The approach must be simple to administer, facilitate consistent application of the rules at each level, and provide accurate results. It must also be perceived by the public as straightforward, understandable and fair. Finally, the approach must facilitate the issuance of timely decisions.

This approach consists of a four step process which includes:

1) Engaging in Substantial Gainful Activity -- SSA will simplify the monetary guidelines for determining whether an individual (except those filing for benefits based on blindness) is engaging in substantial gainful activity;

2) Medically Determinable Impairment -- SSA will consider whether a claimant has a medically determinable impairment, but will no longer impose a threshold severity requirement. The threshold inquiry will be whether the claimant has a medically determinable physical or mental impairment that can be demonstrated by acceptable clinical and laboratory diagnostic techniques;

3) Index of Disabling Impairments -- If an individual has a medically determinable physical or mental impairment documented by medically acceptable clinical and laboratory techniques, and the impairment will meet the duration requirement, SSA will compare the claimant's impairment(s) against an index of disabling impairments. The index will contain fewer impairments and have less detail and complexity. SSA will no longer use the concept of "medical equivalence" in relation to the index, as it now uses in applying the Listing of Impairments;

4) Ability to Engage in Any Substantial Gainful Activity -- SSA will consider whether an individual has the ability to perform substantial gainful activity despite any functional loss caused by a medically determinable physical or mental impairment. SSA will define the physical and mental requirements of substantial gainful activity and will measure objectively as possible whether an individual meets these requirements. SSA will develop with the assistance of the medical community and other outside experts from disability programs, standardized criteria which can be used to measure an individual's functional ability. SSA will be primarily responsible for documenting functional ability using the

standardized measurement criteria. The SSA goal will be to develop functional assessment instruments that are standardized, that accurately measure an individual's functional abilities and that are universally accepted by the public, the advocacy community, and health care professionals. SSA will use the results of the standardized functional measurement in conjunction with a new standard to describe basic physical and mental demands of a baseline of work that represents substantial gainful activity and that exists in significant numbers in the national economy.

In regards to child disabilities, we support the recommendation of a four step process that is based on the statutory definition of disability and that mirrors the adult approach. SSA will evaluate whether the child is engaging in substantial gainful activity; whether the child has a medically determinable physical or mental impairment that will meet the duration requirement; and whether the child has an impairment that meets the criteria in the index of disabling impairments.

SSA will also develop, with the assistance of the medical community and educational experts, standardized criteria which can be used to measure a child's functional ability to perform a baseline of functions that are comparable to the baseline of occupational demands for an adult. In addition, SSA will conduct research to specifically identify a skill acquisition threshold to measure broad areas required to develop the ability to perform substantial gainful activity.

IX. FINANCING WELFARE

Through our efforts over the past several months, the Mainstream Forum has drafted a plan that will attempt to reform the welfare system in our country.

Our proposal to finance this reform plan is based on a fundamental choice about values. We believe that we must help American citizens trapped in poverty break out of the welfare prison without imposing additional taxes or other hardships on working men and women.

The Mainstream Forum proposes to end welfare for most noncitizens except for emergency medical services. Exemptions will be made for refugees and asylees, provided that they become citizens within five years after they arrive, and noncitizens over age 75 who have been legal residents for at least five years.

This proposal is based on the common-sense idea that only American citizens qualify for benefits from our government. And it does not abandon new immigrants. Rather, it merely transfers responsibility for their welfare from the government to where it truly belongs--their legal sponsors, the American citizens who by law must endorse most immigrants' applications for citizenship based on the promise that immigrants will not become public charges.

We recognize that some states will be adversely affected by this decision and pledge to help these states offset the potential cost shift. We propose to offer states monetary assistance to be used under state discretion to aid their immigrant populations that will be detrimentally affected by this cut. In addition, we propose to give states the authority to sue a sponsor if an immigrant applies for state or local assistance.

Our proposal also authorizes a state or local jurisdiction to require out-of-state companies to collect taxes on mail order purchases delivered into that state or local jurisdiction. Currently the burden of collection is on the states but the majority of states do not have the financial or administrative resources to collect these revenues. This measure would shift the burden of collection off of the states. While we cannot dictate how a state can use this money, we encourage states to use these funds as a means to offset any cost shifts.

We recognize the rich tradition of hard work brought to this country by immigrant ancestors. Our nation's ethnic diversity remains one of its strengths, and studies repeatedly demonstrate that immigration is a net economic boon to this country. We continue to support immigration policies that hold out the promise of citizenship to hundreds of thousands of immigrants every year.

But in this time of unprecedented budgetary pressure, a fundamental sense of fairness demands that the U.S. government place the welfare of its own citizens first. We do not believe that federal or state governments can bear any longer the cost of most public assistance for those immigrants that have not become citizens.

Simple humanity requires that we not deny anyone emergency medical services, and common sense suggests that the children of noncitizens should not be barred from our schools. We must help immigrants look to other sources besides state and federal government for help, such as relatives, sponsors, and nonprofit groups. But the U.S. government cannot, in the end, be responsible for the welfare of those who are not its citizens.

Throughout this process we encountered several tough financing choices and our final decisions were not easily reached. However, we believe that our plan offers real reforms and opportunities for poor Americans without paying for it with a grab bag of additional taxes, fees, and cuts to programs outside the welfare system that adversely affect American citizens.

<u>Funding Formula -- Federal/State Matching Rate</u>

1. AFDC <u>benefits</u> will be funded with the formula existing under current law. The federal matching rate for all facets of the Family Support Act and the JOBS program, including administrative costs, will be changed to apply to the full "Work First" program including community service and shall be set at a flat matching rate of 80% of costs born by the federal government and 20% born by the states. Additionally, the "Work First" program shall be an uncapped entitlement.

2. Under Community Service, states with especially low benefit levels might be subject to higher community service costs than other states as they work to pay for the 35 hour a week, minimum wage community service requirement for those recipients who have hit the two year limit. These low benefit states (Mississippi and Texas for example) should have the option to start with a part-time community service work requirement in 1999 (the first year of community service) and phase in the full-time community service work requirement by the year 2001.

Financing Provisions (Including Approximate Dollar Figures)

a) $21.3 billion over five years
Cuts in social service programs to non-citizens including total elimination of SSI benefits, medicaid benefits (excluding emergency medical assistance), food stamp benefits, and AFDC benefits. All legal immigrants residing in the U.S. will be allowed a one year grace period before being subject to these cuts. Deemed permanently exempt are those age 75 and older. Also exempt for a period of ~~five~~ six years after arrival are refugees and asylees.

Additionally, affidavits of support shall be made legally enforceable. An affidavit of support requires a sponsor to swear to the ability and willingness to contribute to the prospective immigrant's financial support. Currently, these affidavits have not generally been regarded by state courts as legally binding on U.S. resident sponsors for the benefit of state agencies providing assistance. This provision shall put into statute that affidavits of support used to overcome public charge exclusions obligate the sponsor to repay governmental agencies assistance provided to the sponsored alien.

b) $1.5 billion over five years
Cap the Emergency Assistance Program to stem rapidly rising expenditures on this little known program. Establish a federal matching cap for each state's EA expenditure so that the cap equals three percent of the State's total AFDC benefits incurred during the pervious fiscal year. States that are above that level would be grandfathered at their FY 1993 expenditure level. If the national unemployment rate for either of the last two quarters of a fiscal year averages 7% or higher, the cap shall be raised from 3% to 4% for the following fiscal year.

c) $260 million a year/$1.3 billion over five years
Eliminate EITC benefits to illegal aliens. Currently, there are no regulations that make legal immigrant status a requirement for receipt of EITC. Through document fraud, over $260 million a year in EITC benefits are going to illegal immigrants. The tax code should be changed to state that illegal aliens are not eligible for the EITC. The Internal Revenue Service should be responsible for implementing this change.

d) $700 million over five years
Eliminate the Dependent Care Tax Credit for those families with incomes over $120,000.

e) $1.6 billion over five years

CONGRESSWOMAN
PATSY T. MINK
Second District, Hawaii

NEWS RELEASE

FOR IMMEDIATE RELEASE
May 25, 1994

DC94-016
Contact: Laura Efurd
(202)225-4906

MINK INTRODUCES JOB START FOR AMERICA ACT: A BILL TO REFORM THE WELFARE SYSTEM

Washington, D.C. -- U.S. Congresswoman Patsy T. Mink (D-HI), joined by 47 of her colleagues, introduced today the Job Start for America Act (JOB START), which will help families on welfare achieve self-sufficiency.

JOB START differs from current welfare reform proposals in the following ways:

* Targets welfare recipients who have the greatest potential for success in the workplace for job training and education programs in order to move them quickly into the workforce;
* Targets families that have school or Head Start age children, so child care will not be a barrier to employment;
* Establishes a two-year safety net for newly employed welfare families of continued cash assistance, Food Stamps and housing assistance; and
* Provides the important link between Head Start and welfare.

"Over one half of adult welfare recipients cycle on and off welfare or actually work while receiving AFDC (Aid For Dependent Children)," Rep. Mink explained. "My goal is to target this population which can move off the welfare rolls in a relatively short period of time and once the have found a job continue their support for two years to help them transition off of public assistance altogether."

Congresswoman Mink has been a strong advocate for women in poverty during the current debate on welfare reform initiated by President Clinton's promise to "end welfare as we know it." She led 88 of her colleagues in sending a letter to President Clinton last Fall opposing the two-year time limit on welfare and other measures which seek to punish families on welfare.

"The current debate on welfare reform is being fueled by the misconception that all welfare families are out to take advantage of the system," Mink stated. "This is simply not true. Welfare mothers care about their children and making a better life for them, just as we do. My bill seeks to give welfare families the tools necessary to get back on their feet and stay that way."

PATSY T. MINK
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COMMITTEE ON STEERING AND POLICY
COMMITTEE ON BUDGET
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COMMITTEE ON NATURAL RESOURCES
COMMITTEE ON GOVERNMENT OPERATIONS
(on leave)

JOB START FOR AMERICA ACT OF 1994
Sponsored by Rep. Patsy T. Mink
Summary (5/20/94)

The Job Start for America Act (JOB START) seeks to empower families in poverty by giving them the tools necessary to achieve self-sufficiency and providing an adequate safety net while they are in the process of getting there.

JOB START targets the welfare population that has greatest potential for success in the workplace and guarantees them federally-funded job training or education, job counseling, job search assistance, and child care, including before and after school care, to help prepare them to find a job that pays a livable wage.

There are two target groups:

Phase One Families: Welfare recipients who have some work experience (at least 3 months)

Phase Two Families: Welfare recipients who have never worked but have a high school degree or equivalency and have children who are Head Start eligible or in school.

Individuals with some work experience and/or a high school degree often need less job training and education and can move into jobs quickly. Individuals with school age children or children eligible for the Head Start program have less expensive child care needs.

Under JOB START, once a welfare recipient has found a job, a security net is established for the family to assist in the transition to self-sufficiency. For a period of two years after the head of a welfare family has found a job they will continue to be eligible for cash assistance, food stamps, and housing assistance if their income is less than 300% of poverty.

JOB START links the Head Start program to welfare, by providing funds for more full-day, full-year Head Start programs. With access to full-day, full-year Head Start programs more welfare mothers can better pursue job-training, education, or employment opportunities.

JOB START also removes barriers in the welfare system for fa ilies to accumulate assets and eliminates penalties in the w lfare system for two-parent families.

ORIGINAL COSPONSORS OF JOB START FOR AMERICA
(as of 5/25/94)

1) Patsy T. Mink (D-HI) (primary sponsor)
2) Neil Abercrombie (D-HI)
3) Xavier Becerra (D-CA)
4) William Clay (D-MO)
5) Eva M. Clayton (D-NC)
6) Barbara-Rose Collins (D-MI)
7) John Conyers (D-MI)
8) Ronald V. Dellums (D-CA)
9) Don Edwards (D-CA)
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46) Lynn Woolsey (D-CA)
47) Albert Wynn (D-MD)
48) Sidney R. Yates (D-IL)

THE WHITE HOUSE
WASHINGTON

Susan Brophy:

Here is the letter I mentioned. I need advice on whether you feel I should call her, whatever.

Thanks, CHRasco

xc: Reed
Way

ELEANOR HOLMES NORTON
DISTRICT OF COLUMBIA

COMMITTEE ON
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CHAIR, COMPENSATION AND EMPLOYEE BENEFITS

Congress of the United States
House of Representatives
Washington, D.C. 20515

FAX COVER SHEET

TO: CAROL ROSCO

OFFICE: WHITE HOUSE

FAX NO.: 456 - 2878

FROM: ELEANOR HOLMES NORTON

DATE: 3/18/94 TIME: 5:45

PAGE 1 OF 5

SUBJECT:

COMMENTS: Attached is a copy of the letter regarding welfare reform the Congressional Black Caucus sent to President Clinton.

IF YOU HAVE ANY QUESTIONS, PLEASE CALL (202) 225-8050

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Congressional Black Caucus
Congress of the United States

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U.S. Senate
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March 16, 1994

President William Clinton
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

On behalf of the Congressional Black Caucus, we are writing to express our strong concern about the welfare reform proposals that are under consideration by the Administration. We have not been directly consulted on the direction and details of the Administration's initiative. Based on press accounts, however, we are very troubled by what seems to be some of the directions in which the Administration is heading, with regard to both the welfare system changes and the financing of the package.

We are particularly distressed by reports indicating that the Administration's package will be financed largely by cuts in means-tested benefits for low income families and individuals. While we believe that expanded investments in job training, work opportunities, and child care are critical, we must object to proposals that fund these services by reducing the income and living standards of the very population we are seeking to help. We are very troubled that your Administration would even consider some of the options we are hearing about, as well as by news reports that the magnitude of these cuts might even approach that of cuts in programs for the poor passed under the Reagan Administration. The worthiness of the overall package is called into question if the financing provisions risk weakening the economic circumstances of low income families and the distressed communities in which many of them live.

In addition, we must assure that "ending welfare as we know it" is accomplished through requiring and supporting efforts to work, and promoting parental responsibility but not by reducing benefits for needy families that are abiding by all the rules. Specifically, welfare reform should not entail reductions in basic benefits like food stamps and AFDC for poor families who are complying with the new requirements that may be imposed. If a parent has faithfully worked in a government-supported job or work slot - but the financing then ends - the government may assist him or her in finding work but must not reduce or terminate the family's basic income support and deepen its poverty. We cannot imagine that you would propose to cut the safety net for families who have demonstrated their willingness to work in this manner.

Mr. President, we recognize the enormity of this challenge and the reality of limited resources. We need to proceed on a course that is realistic, defensible, and achievable. But we would find it unacceptable if budget constraints or political expediency led to a welfare reform initiative that, at best, failed to improve the conditions in impoverished communities and, at worst, increased poverty among poor children and their families. We hope to work closely with you on these important issues.

Sincerely,

Eleanor H Norton

Cardiss Collins

Barbara-Rose Collins

Carrie P. Meek

Albert R. Wynn

Major R. Owens

Maxine Waters

Donald M. Payne

Page 3

Cynthia McKinney

[illegible]

Eva M Clayton

[illegible]

[illegible]

Eddie Bernice Johnson

Corrine Brown

Earl F. Hilliard

[illegible]

Melvin L. Watt

Bobby Scott

Sanford D. Bishop, Jr.

[illegible]

Alcee L. Hastings

Page 4

Mel Reynolds

[illegible]

William L. Clay

[illegible]

Wm. J. Jefferson

[illegible]

[illegible]

John Lewis

Cabinet Health Line
March 21, 1994

9:30 AM Daily Inter-Agency Conference Call
Health Care Reform: 456-2566

o Agency staff briefing will take place on Tuesday 3/22 in room 450 of the Old Executive Office Building. This briefing is open to all agency staff who deal with press, communications, message, scheduling, speechwriting, and other interested parties. Please coordinate attendence through agency Chiefs of Staffs. Principals and Chiefs of Staffs will attend seperate breifings.

Chiefs of Staffs: 3/22 7:30 a.m.

o **When speaking about health care reform, there are five important elements of the Clinton approach to we must continue to emphasize -- five elements that the American people want and need -- five elements that the Clinton proposal contains:**

Guaranteed private insurance. We want to guarantee private insurance coverage to every American. Comprehensive coverage that can never be taken away.

Choice. We want everyone to have the right to choose their own doctor and their own health plan. We want to make sure you get high-quality care by giving you the choice, not your boss or insurance company.

Outlaw unfair insurance practices. We want to make it illegal for insurance companies to: drop coverage or cut benefits; jack up your rates if you get sick; use lifetime limits to cut off your benefits; or charge older people more than younger. That's how you'll get affordable insurance you can depend on.

Preserve Medicare. We will protect and strengthen Medicare. Older Americans have a right to count on Medicare and choose their doctor. We also want to cover prescription drugs under Medicare, and give new options for long-term care in the home and community.

Health benefits guaranteed at work. Every job should come with health benefits. Most jobs do today. And yet 8 out of 10 Americans who have no insurance are in working families. We want everyone to have health benefits guaranteed at work. The government will provide discounts for small businesses and help cover the unemployed.

TO:	MARY JO BANE	401-4678
	DAVID ELLWOOD	690-7383
	BRUCE REED	456-7028
	EMILY BROMBERG	401-4678
	ANN ROSEWATER	401-4678
	WENDELL PRIMUS	690-6562
	KATHY WAY	456-7028
	SUSAN BROPHY	456-6220
	PAUL CAREY	456-2604
	JANET MURGIA	456-6221

FROM: HHS/ASL STAFF (Irene Bueno 690-7627)

DATE: MARCH 24, 1994

RE: HHS CONGRESSIONAL ACTIVITY REPORT - WELFARE REFORM

PAGES: 5 (including cover)

ASL Welfare Reform Team
Congressional Activity
April 18, 1994

MEETINGS

April 13

Reps. McCurdy: On April 13, David Ellwood and Bruce Reed met with Representative McCurdy (D-OK). Representatives Slattery (D-KS) and Wheat (D-MO) did not attend as originally scheduled [Mary].

April 14

Senator Boren: On April 14, David Ellwood met with Senator Boren (D-OK) [Rich].

Reps. Goodling and Molinari: On April 14, Mary Jo Bane and David Ellwood met with Representative Bill Goodling (R-PA), Ranking Minority Member of the House Education and Labor Committee. Representative Susan Molinari (R-NY) did not attend as originally scheduled [Rich, Mary Beth].

Congressional Hispanic Caucus: On April 14, the Co-Chairs and Fernando Torres-Gil met with the members of Congressional Hispanic Caucus [Rich, Mary, Irene].

Rep. Berman: On April 14, David Ellwood met with Representative Berman (D-CA). [Mary, Irene]

Rep. Martinez: On April 14, Mary Jo Bane met with Representative Martinez regarding the JOBS hearing next week [Mary Beth].

April 15

Ways and Means Staff: On April 15, Bruce Reed, Wendell Primus, and Isabell Sawhill conducted a bipartisan briefing for staff of members of the Ways and Means Committee [Rich].

April 18

Paul Offner: On April 18, David Ellwood will meet with Paul Offner, Chief Health/Welfare Counsel of the Senate Finance Committee [Rich, Sarah].

April 19

Senate Leadership Staff: **On April 19, Jerry Klepner, Susan Brophy, and Rich Tarplin will meet with John Hilley and Grace Reef of the Senate Majority Leader's staff concerning timing and strategy for welfare reform.**

Finance Committee Staff: On April 19, Jerry Klepner, Susan Brophy, and Rich Tarplin will meet with Lawrence O'Donnell of the Senate Finance Committee concerning timing and strategy for welfare reform.

April 20

Senator Moseley-Braun: On April 20, David Ellwood will meet with Senator Carol Moseley-Braun concerning welfare reform [Rich, Sarah].

April 26

Representative Meehan - Cable Show: On April 26, Mary Jo Bane will participate in a taping of a cable show "Capitol Hill Report" with Representative Martin Meehan (D-MA) (Time: 4:00 p.m. and Location: House Recording Studio).

HEARINGS

April 19

JOBS Program: On April 19, the House Education and Labor Subcommittee on Human Resources will hold a hearing on the JOBS program. **Mary Jo Bane, Assistant Secretary for Children and Families,** will testify (Time: and Location: TBA).

Welfare Reform: On April 25, the House Ways and Means Subcommittee on Human Resources is tentatively scheduled to hold a field hearing on welfare reform in Hartford, CT (Time and Location: TBA).

Welfare Reform: On May 2, the House Ways and Means Subcommittee on Human Resources is tentatively scheduled to hold a field hearing on welfare reform in Tampa, FL (Time and Location: TBA).

cc: K. WAY
SAWHILL
DIMOND
DEANE
J. BEN-AMI

MEMO
TO: THE MAINSTREAM FORUM
FROM: THE MAINSTREAM FORUM WORKING GROUP ON WELFARE REFORM
DATE: MARCH 4, 1994
RE: WELFARE REFORM

THE FOLLOWING PROPOSAL DISCUSSES BASIC ELEMENTS OF THE MAINSTREAM FORUM'S WELFARE REFORM PROPOSAL. IT IS NOT A COMPLETE SUMMARY AND WILL BE FOLLOWED BY SUPPLEMENTAL INFORMATION.

DRAFT WORKING GROUP:
REP. MCCURDY, REP. SLATTERY,
REP. SHEPHERD, REP. WHEAT,
REP. FINGERHUT, REP. CLEMENT,
REP. COOPER, REP. DARDEN,
REP. DEAL, REP. MORAN,
REP. PALLONE, REP. SLAUGHTER,
REP. STUPAK, REP. SWETT,
REP. TANNER, REP. VALENTINE,
DLC/PPI

FOR FURTHER INFORMATION
PLEASE CONTACT:
SUZANNE KLINKER
REP. JIM SLATTERY
225-6601

The Mainstream Forum, a group of over 90 House moderate and conservative Democrats, is nearing completion of a welfare reform plan that puts work first. The legislation, expected in its final form by later this Spring, will culminate a six-month effort by the group to produce a plan based on the principles set out in a letter to the President dated October 19, 1993 and signed by 77 Mainstream Forum members.

Generally, these members support welfare reform that includes the following elements:
- establishing a two year lifetime transitional period of benefits;
- making work pay more than welfare;
- putting work first;
- ensuring access to job opportunities;
- reshaping job training and education;
- child care assistance;
- child support enforcement;
- teenage pregnancy prevention;
- program simplification.

Members of the Mainstream Forum Welfare Reform Working Group are continuing work on some components of their legislation. The following pages contain information which the Mainstream Forum supports and intends to include in its Welfare Reform plan.

The group has been led by its founder, Rep. Dave McCurdy, (OK) Chairman of the Democratic Leadership Council; Rep. Jim Slattery (KS), Chairman of the Working Group; and co-chairs Rep. Karen Shepherd (UT), Rep. Alan Wheat (MO) and Rep. Eric Fingerhut (OH).

I. Time-Limited Transitional Support System

Welfare should offer transitional support en route to a job rather than subsidize a way of life divorced from work, family and parental responsibility. We believe that imposing a time limit on welfare eligibility is the only way to fundamentally change the system from one that writes checks to one that puts people to work. Two year lifetime, time-limited assistance will transform a system based on the right to income maintenance into a system based on the obligation to work. It will also provide a structure for case workers to operate within and encourage a quick return to the workforce for the client. However, to lessen the implementation burden to states and to make the initial costs more manageable, we support a phase-in of the limit over time. Time limits though, without other reforms, will only worsen the situation of the over 14 million persons receiving welfare.

Exceptions to the Two Year Lifetime Time Limit:

-- Clients under age 20 completing high school or GED certification
-- Clients participating part-time in technical/vocational education in combination with work
-- Seriously disabled, seriously ill, and those caring for a seriously ill or disabled relative

-- Pregnant women, custodial parents, and guardians will be given an extension equal to that in the Family Medical Leave Act (12 weeks)

Job Search: We believe that job search must begin immediately. Each client will be individually assessed when he or she enters the system. Education and/or training should not be a substitute for work but should rather complement and reinforce a revamped system that puts work first.

Other Transitional Benefits Associated With Time-Limits

We propose additional transitional benefits to aide in the transition into the workforce. These include:
-- Other transitional child care benefits as covered in current law
-- Extended transitional medicaid benefits to two years as needed to bridge the gap between introduction and passage of the health care legislation

II. Making Work Pay

Employment is the centerpiece of our reform initiative. We must ensure that a welfare recipient will be better off economically by taking a job than remaining on welfare. To do this we must eliminate the current disincentives within the system that make welfare more attractive than work. There are five vital components in this regard:

Health Care Reform: Reform of the welfare system is inextricably linked to reform of the health care system. The prospect of losing medicaid coverage deters many from taking low-wage jobs that don't offer health coverage. Welfare recipients desire and need comprehensive health care and our national policy must guarantee access to health care for America's poor families and their children.

EITC: We strongly support the recent five-year, $21 billion expansion of the Earned Income Tax Credit (EITC), enacted by Congress under the Omnibus Budget Reconciliation Act of 1993. Together, with food stamps, the EITC is sufficient to lift most families out of poverty. However, we need to improve outreach efforts to both recipients and employers to ensure that they make use of EITC. The Internal Revenue Code requires that if an eligible worker provides the appropriate tax form (known as the W-5 form) to his or her employer, the employer must add the family's credit to its paycheck. Yet, fewer than 1% of recipients take advantage of this "advance payment" option. We therefore recommend:

-- Requiring that all AFDC, food stamp, and Medicaid recipients be notified in writing of the availability of the EITC upon application for and termination from the programs.

-- Requiring that employers inform new employees earning less than $30,000 annually, of the option of having advance EITC payments available through their payroll.

-- EITC payments be exempt from counting against food stamp and AFDC assets limits for 12 months.

Child Care: Safe, affordable, quality child care is a vital factor in the success of any work-based welfare proposal. Ninety percent of all women receiving AFDC in 1992 were single mothers: without child care, these women cannot work. Child care support is also critical to the ability of the working poor to remain in the workforce. We commend the direction of the administration's FY'95 budget request which takes steps in this direction. Individuals should not be faced with the difficult decision of applying for welfare in order to receive adequate, safe child care. We recommend the following:

-- Making the Dependent Care Tax Credit refundable and eliminating the credit for those households with incomes over $100,000.

-- Easing the state matching requirements for drawing down federal Title IV-A child care funding.

-- Allowing states to use Title IV-A child care funds to subsidize 30 days of child care for low income working parents who lose a job, and need time to search for new employment.

-- Requiring automatic notification of eligibility for Transitional Child Care to AFDC recipients preparing to leave welfare for a job.

-- Support for expansion of Head Start.

-- Consideration that some of the additional funding to expand child care can be used to create jobs in the child care field (following standard licensing requirements) for welfare recipients as part of the effort to move welfare recipients off the rolls and into work.

AFDC Work Disregards: The AFDC benefit structure provides little financial incentive to work harder and earn more. In general, a rise in earnings is largely offset by a corresponding drop in AFDC benefits. After the first four months of employment virtually every net additional dollar results in a dollar reduction in AFDC benefits. In fact, a two-parent family automatically becomes ineligible for benefits when the family's primary wage earner is employed 100 hours or more in a month. As a result, welfare recipients who try to work are little better off than just remaining on welfare. To change this system we recommend:

-- State flexibility to waive the 100 hour rule for two parent families.

-- State flexibility to allow AFDC recipients who marry to keep up to 1/2 of their current benefit for up to one year as long as the combined family income is below 150% of the state poverty line.

-- State flexibility to reduce AFDC benefits less than a dollar for each additional dollar earned so long as a recipient's gross income is within a certain income range established by the state.

Asset Limitation: While work is a first step out of poverty, asset accumulation is the step that keeps a person permanently out of poverty. Both AFDC and food stamps allow a certain amount of asset accumulation when calculating benefits. However, these asset levels are too low to encourage independence and the rules for each are substantially different. This is a constant source of difficulty for both staff and recipients. We therefore support:

-- Adaptation of changes contained in OBRA '93 for food stamps, to apply to both food stamps and AFDC, that provide for an increase in the allowable value of vehicles that is not counted toward the food stamp resource limit. The current limit of $4,500 is raised slightly over the next two years and is then indexed for inflation beginning with a base of $5,000 on October 1, 1996.

-- A uniform non-vehicle asset threshold be established between both AFDC as well as food stamps, capped at a level of $5,000, raising the combined allowable asset level to $10,000.

-- Support for Individual Development Accounts (IDA's) to encourage low-income Americans to save money and build assets for car purchase, higher education, purchase of a first home, start-up of a microenterprise, or retirement. Federal grant money could be used to match IDA deposits of up to $2,000 a year.

III. Putting Work First

The current welfare system isolates poor Americans from the mainstream economy and perversely sets up barriers to work and social mobility. The overriding goal of welfare reform must be to reconnect people to the world of work. Only through productive work can welfare recipients acquire the skills, habits, experience, connections and self-esteem necessary to become self-reliant members of the community.

The 1988 Family Support Act (FSA) with the JOBS program as its main component, was designed to combat these problems by making people job ready through education, training and other activities. Yet Judy Gueron, president of the Manpower Demonstration Research Corporation (which has evaluated many of the JOBS programs around the country) stated recently that "JOBS has not fundamentally changed the message and character of AFDC." Only a small percentage of JOBS participants are engaged in work-related activities.

There is growing evidence that programs that put work first produce better results. These programs confirm the common sense notion that most people learn their jobs on the job -- not in the classroom. Private and nonprofit work-based organizations such as America Works, Cleveland Works and Chicago's Project Match have proven that placing even long-term welfare recipients into decent private sector jobs is possible. Education and training are important, but getting a real job is even more important. Once someone is working, education and training can help them upgrade their career skills and begin moving up the ladder to better jobs.

Many reformers have called for an enlarged JOBS program as the centerpiece of the burgeoning welfare architecture. The danger in this approach is that we will end up with a vast education and training bureaucracy, not a real job placement system for welfare recipients. While some JOBS programs have been successful -- such as California's GAIN program, especially the Riverside site, and Florida's Project Independence -- these successes arise from an emphasis on work and job placement over education and training. This is an approach that other JOBS programs have not followed. Welfare reform should shift the emphasis of JOBS toward work-based programs. But it should also enlarge the role of non-governmental organizations in moving people from welfare to work. That would give welfare recipients more choices and set up a healthy competition among public and private actors to put people to work.

In addition to changing the focus of JOBS and encouraging private job placement efforts, a third way to put work first is to allow for temporary subsidized job creation through a cash out of AFDC benefits and food stamps into a grant given to an employer as a subsidy for a job. This provision is the nucleus of Oregon's JOBS Plus program. All three of these options should be available as soon as a recipient is assessed and has worked out an individualized self-sufficiency contract. There is no reason to wait two years before serious efforts begin to move people into private jobs.

In the model outlined below and on the following pages, competition is infused into the welfare system by allowing the private and public sector to participate in job placement and job creation as soon as a recipient enters the system rather than at the end of two years.

The states will also have a great deal of flexibility in designing their own programs which would require federal waiver much like what is done today. Or, states will have the option to follow our newly developed Federal model.

<u>Federal Model</u>:

-- Emphasis on private sector (over public sector) employment and moving to self-sufficiency.
-- Requires recipients to work for wages, not benefits.
-- Offers option for private nonprofit and for-profit placement agencies to begin work with a recipient as soon as he or she enters AFDC.
-- Allows each state to create a structured 40 hour week for those clients needing additional education and training, combining education and training with part-time work (except for those under 20, who are encouraged to participate in high school or GED course full-time).
-- All individuals placed in a job as soon as possible.
-- Time frames vary from individual to individual but do not exceed two years.
-- Requires each recipient to sign an individualized employment contract with the state social

services or welfare office, binding with the recipient's immediate family, indicating current skills, goals, expectations, time period to reach self-sufficiency as well as a pledge of responsibility **not** to have any additional children while still enrolled in this program.

- Within 30 days each applicant must meet with his/her individual case management team and begin a preliminary job search. The case management team would develop an individual employment contract which is specifically catered to each applicant and incorporates the above mentioned aspects.

- Participation: Every able-bodied individual will be required to work and/or participate in education and training to earn their benefits and/or wages. Benefits will be paid based on the number of hours recipients work or spend in training/education. Recipients will be guaranteed minimum wage for hours worked. Wages will be subsidized by the benefits (AFDC and Food Stamps) paid to the employer who will in turn pay the recipient.

  Recipients will be required to spend 40 hours per week of state determined structured time between work, education, training or social services if needed.

- Special Needs: Substance abuse treatment will be required in addition to work/education/training as appropriate. Teen parents under the age of 20 will be given a choice of remaining enrolled in school full-time or entering the work first program. In addition, teen parents will be required to take parenting classes. (To remain consistent with the desire to emphasize individual responsibility, both parents will be required to take parenting classes).

- One-Stop Shops: Every effort must be made to consolidate the job placement, training, and education services under one roof to facilitate access and control expenditures for transportation.

A case manager will present the "Work First" options to each welfare recipient. The options are as follows:

Hire Placement Companies: For-profit and nonprofit placement companies will be awarded performance-based contracts to place recipients in full-time, preferably private sector jobs. Private for-profit and nonprofit entities will bid for the chance to place welfare recipients in private sector jobs and will keep part of the money a state saves when someone leaves the rolls. The placement company would receive a fee of about one third of what it costs the state to support an average family on welfare for about a year only after the recipient has successfully remained in the job at least six months. The state will 'pocket' the remaining savings. Ideally the fee would be phased-in to help ensure the employee stays in the job.

Upon entering the placement agency and at least three months into the private sector job placement, the placement agency should provide intensive, personalized support and job readiness to the welfare recipients to prepare them for the job and to ensure their continued success in the job.

Temporary Subsidized Job Creation: There are several options for public and private sector job creation: Wage supplementation; tax credits to firms; training grants; and a combination of proposals. States should be allowed to use AFDC and food stamp grant money to supplement wages weekly, biweekly, or monthly.

> **Wage Supplementation:** This approach would give companies a greater incentive to hire welfare recipients by offsetting the wages paid to employees with AFDC and food stamp grant money.
>
> **Tax Credits to Firms:** Tax credits to firms for hiring disadvantaged workers should be an option available to states. Currently, employers can receive a TJTC of up to $2,400 for one year for an employee who meets the qualifications. The tax credit should be phased-in over a length of time to maximize the time an employee stays in the job.

Microenterprise: Permit states to use federal community and rural development and job training funds to make direct loans to nonprofit groups that lend to mircrobusinesses and poor entrepreneurs.

Referral to JOBS: A revamped JOBS program should be one of the choices to help move a welfare recipient into work and can be one avenue for referral to education and training.

IV. Family Responsibility and Improved Child Support Enforcement

The Mainstream Forum believes that improving child support enforcement is a critical part of reforming the welfare system. Improvements in the child support system will ensure that children can count on support from both parents and that the cost of public benefits is reduced while a working mother's real income is raised. The goal of the Mainstream Forum proposal is to maintain and improve the child support program by promoting the benefits of two supportive and responsible parents.

As part of the broader welfare reform plan, the Mainstream Forum takes a very tough stance on non-payment of child support. The Mainstream proposal has four distinct sections.

Enhance non-custodial parent location and identification by:

-- Expanding the functions of the parent locator in the Department of Health and Human Services.
-- Requiring states to maintain registries of child support orders.
-- Requiring Secretary of Treasury to modify W-4 forms for new employees to include a

statement about child support responsibilities.

Improve the process by which child support orders are established through:

-- Allowing state agencies to access and use credit reports for obtaining information in setting or modifying a child support order.
-- Creating a National Child Support Guidelines Commission to oversee the child support process.
-- Requiring states to develop uniform duration limits for child support.

Establish hospital-based paternity by:

-- Requiring rather than suggesting hospital-based paternity establishment for all single mothers.
-- Requiring states to develop a simple civil consent procedure for paternity establishment outside of the hospital setting.
-- Making available on-site hospital social service for pregnancies resulting from rape or incest.
-- Requiring states to offer positive paternity/parenting social services for new fathers.
-- Making benefits contingent on paternity establishment except for limited exemptions.
-- Reviewing incentives for paternity establishment and child support payments for poor mothers by increasing the per month pass through of child support benefits to those mothers receiving AFDC.

Enforce child support through demanding and uncompromising punitive measures for dead-beat parents including:

-- Strongly reinforcing direct income withholding measures for child support orders.
-- Allowing workers' compensation to be subject to income withholding of child support.
-- Requiring states to establish procedures under which liens can be imposed against lottery winnings, gambler's winnings, insurance settlements and payouts, and other awards.
-- Mandating reports to credit bureaus of all child support obligations and arrearages.

V. Teen Pregnancy and Family Stability

Long-term welfare dependency is increasingly driven by illegitimate births. Too many teens are becoming parents and too few are able to responsibly care for and nurture their children. A CBO report shows that half of all unmarried teen mothers receive AFDC within a year of the birth of their child and three-fourths receive AFDC by the time their child turns five. The provisions discussed below address this horrific problem. To combat this problem, we propose the following:

-- Promote the stability of two-parent families by eliminating the 100 hour rule that currently rewards single parents but penalizes those who choose to marry. (The 100 hour rule prevents two-parent families from receiving AFDC if the primary wage-earner works more than 100 per month or has not been employed in six of the previous 13 quarters while allowing single parents full benefits).

-- Promote individual reproductive responsibility by no longer supporting increases in AFDC funding to mothers who have additional children while receiving these benefits (also known as the Family Cap).

-- Prevent minor mothers from receiving AFDC benefits if they do not live in a household with a responsible adult, preferably a parent (with certain exceptions when deemed necessary).

-- Fund a national educational campaign to teach our children that children who have children are at high-risk to endure long-term welfare dependency.

State Goals

-- Educate our children about the risks involved when choosing parenthood at an early age.

-- Ensure that every potential parent is given the opportunity to avoid unintended births through reproductive family planning and education.

-- Provide comprehensive services to youth in high-risk neighborhoods through community organizations, churches, and schools which could help change the environment.

-- Work with schools for early identification and referral of children at risk.

VI. Community Service

At the end of two years, if a welfare recipient has not found full-time employment, he or she will no longer be eligible to receive AFDC, but will have the option be able to volunteer for a community service job for a paid minimum wage job, (States have the option to pay higher wages if they choose). Community service jobs would act as a buffer to temporarily employ people who haven't found jobs. It should be considered only as a last resort.

• State Participation: State governments should be allowed the greatest amount of flexibility possible, but should follow the guidelines below. States should not be too financially burdened.

• Community Service Guidelines:
-- States need to set a minimum level of community service positions available and establish a waiting list for clients not able to immediately participate due to program overload. However,

such clients must do volunteer service and participate in an active job search on a full time basis to receive benefits.
-- States are encouraged to include organized labor groups, private sector companies, and community groups in the administrative process.
-- Recipients should work for wages instead of benefits to foster increased self-sufficiency.
-- Current public sector employees shall not be displaced due to job creations for welfare recipients.
-- Community Service participants must seek full-time employment while engaged in community service.
-- Recipients will be paid at least a minimum wage.
-- Community service should be time-limited with state option to extend the time-limit.

VII. Program Simplification

Simplify the Federal waiver process for states: Many states are moving forward with demonstration projects to test program changes that might increase the efficiency of a program. However, the waiver process is currently a lengthy, complex and costly procedure for the state to complete. The federal waiver of legislative and regulatory requirements and future state experimentation should be encouraged. When state demonstration projects are proven to be successful and the state wishes to continue them, quick and accessible procedures should be put in place for state and federal officials to pursue to continue successful projects on a permanent basis.

Simplify the application process for AFDC and Food Stamps: Some of the most time consuming and difficult tasks in administering these programs are the initial procedures now required to take and process applications. Many believe that the current requirements can be simplified and streamlined. We should move toward more conformity between these two programs.

Encourage and increase federal commitment to automation: Automation will improve interface between agencies, on both a federal and state level, who are administering these programs. Increased automation will improve and expedite verification, reduce caseworker paperwork and will help address the issue of fraud and abuse.

Establish a uniform time-frame for implementing an Electronic Benefit Transfer system framework for state systems: In implementing an EBT system, coordination with AFDC and child care benefits should be stressed. There is growing concern among many, including food stamp administrators, regarding the abusive use of food stamp vouchers by recipients and non-recipients. Automated system benefits will help reduce the likelihood of food stamp fraud and abuse and improve program accountability.

K. Way w/cc of
Secty memos.

THE WHITE HOUSE

WASHINGTON

February 22, 1994

TO: Secretary Donna Shalala

FROM: Carol H. Rasco
Assistant to the President for Domestic Policy

SUBJECT: Letter from Congressional members

Please see the enclosed letter I have received from Margaret Dunkle. I would appreciate a copy of your reply for my files.

Thank you!

THE WHITE HOUSE

WASHINGTON

February 22, 1994

TO: Secretary Mike Espy

FROM: Carol H. Rasco CHR
Assistant to the President for Domestic Policy

SUBJECT: Letter from Congressional members

Please see the enclosed letter I have received from Margaret Dunkle. I would appreciate a copy of your reply for my files.

Thank you!

THE WHITE HOUSE

WASHINGTON

February 22, 1994

TO: Secretary Henry Cisneros

FROM: Carol H. Rasco CHR
Assistant to the President for Domestic Policy

SUBJECT: Letter from Congressional members

Please see the enclosed letter I have received from Margaret Dunkle. I would appreciate a copy of your reply for my files.

Thank you!

FEB 2

THE IEL POLICY EXCHANGE

THE INSTITUTE FOR EDUCATIONAL LEADERSHIP, INC.

January 27, 1994

Carol Rasco
Assistant to the President for Domestic Policy
Domestic Policy Council
Executive Office of the President
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Ms. Rasco:

A bipartisan group of nine Senators sent the enclosed two letters to Secretaries Shalala, Espy and Cisneros following a Policy Exchange seminar (with Sarah Shuptrine) on overlapping program eligibility requirements for AFDC, Medicaid and Food Stamps.

When I inquired about follow up, I was told that the Senators had not yet received a response. Because these issues are central to the Administration's top priorities, including health reform and welfare reform, I am sharing these letters with you.

If I can be helpful by providing additional information, I will be pleased to do so.

Sincerely,

Margaret Dunkle

Margaret Dunkle
Director
IEL Policy Exchange

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United States Senate
WASHINGTON, DC 20510

December 3, 1993

The Honorable Donna Shalala
Secretary of Health and Human Services
Department of Health and Human Services
200 Independence Avenue, S.W.
Washington, D.C. 20201

The Honorable Mike Espy
Secretary of Agriculture
Department of Agriculture
14th Street and Independence Avenue, S.W.
Washington, D.C. 20250

Dear Secretary Shalala and Secretary Espy:

Many of the same people qualify for federal aid under the food stamp program, the Aid to Families with Dependent Children (AFDC) program, and Medicaid. Yet, many of the statutory requirements and regulations for these programs are inconsistent and confusing for states, communities, agencies, and the people who apply for benefits.

As a result of this chaos, poor families, pregnant women, and children who need services often do not receive them. For example, a recent study found that 60 percent of the denials for AFDC were for procedural reasons, not because the family was not poor enough to qualify for help. Local efforts to provide coordinated services are often stymied by miles of red tape, and money is wasted on administration. There is great potential for administrative savings by making programs less complex and less contradictory.

We share your interest and that of the President and Vice President in making government work better and cost less. As we embark on major reforms in health and welfare, we are requesting that you work with us toward these goals by developing and issuing a report outlining the differences in program rules under the food stamp program, AFDC, and Medicaid. We are requesting this report by March 1, 1994.

Last year, Congress included a provision in H.R. 11 (Section 1385) that would have required your departments to issue a similar report. House bill 11 was vetoed for unrelated reasons by President Bush, and although the Welfare Simplification and Coordination Advisory Committee worked with the American Public Welfare Association to compile an initial analysis comparing AFDC and food stamps, the study of all three programs (including Medicaid) has not yet been completed. (A copy of the relevant section from H.R. 11 is enclosed for your reference.) This study would include an analysis of all rules related to administrative procedures,[1] definitions of countable income and resources, definitions of income disregards and exemptions, quality control sanctions and incentives, financial and other incentives to combat fraud, and work and training requirements and programs. This study would specify the regulatory, statutory, or other authority for each rule. (Income eligibility levels are excluded from this report.)

It is especially important for the Congress as well as the administration to have this information because there are so many different players. For example, five different authorizing committees have primary jurisdiction over AFDC, food stamps, and Medicaid. To enact reforms that make sense across programs and committee lines, we need clear information about the interactions among these three programs, and we need to know when changes require legislative action and which changes can be accomplished administratively.

We look forward to working with you to improve these programs, and we appreciate your personal attention to this request.

Sincerely,

Jay Rockefeller
John D. Rockefeller IV
United States Senator

Nancy Landon Kassebaum
Nancy Landon Kassebaum
United States Senator

Ernest F. Hollings
United States Senator

Hank Brown
United States Senator

Sam Nunn
United States Senator

John H. Chafee
John H. Chafee
United States Senator

David Pryor
David Pryor
United States Senator

John C. Danforth
United States Senator

Tom Harkin
United States Senator

[1]Administrative procedures are defined in H.R. 11 (Section 1385(b)).

United States Senate
WASHINGTON, DC 20510

December 3, 1993

The Honorable Henry G. Cisneros
Secretary of Housing and Urban Development
Department of Housing and Urban Development
451 Seventh Street, S.W.
Washington, D.C. 20410

Dear Mr. Secretary:

Many of the same people qualify for federal aid under Section 8 housing, public housing programs, the food stamp program, the Aid to Families with Dependent Children (AFDC) program, and Medicaid. Yet, many of the statutory requirements and regulations for these programs are inconsistent and confusing for states, communities, agencies, and the people who apply for benefits.

As a result of this chaos, poor families, pregnant women, and children who need services often do not receive them. For example, a recent study found that 60 percent of the denials for AFDC were for procedural reasons, not because the family was not poor enough to qualify for help. Local efforts to provide coordinated services are often stymied by miles of red tape, and money is wasted on administration. There is great potential for administrative savings by making programs less complex and less contradictory.

We share your interest and that of the President and Vice President in making government work better and cost less. As we embark on major reforms in health and welfare, we have requested Secretary Shalala and Secretary Espy to work with us toward these goals by developing and issuing (by March 1, 1994) a report outlining the differences in program rules under the food stamp program, AFDC, and Medicaid. We are requesting you to issue a complementary report (in parallel form to the HHS-Agriculture report) on the Section 8 program and public housing. We are requesting this report by March 1, 1994.

This study would include an analysis of all rules related to administrative procedures,[1] definitions of countable income and resources, definitions of income disregards and exemptions, quality control sanctions and incentives, financial and other incentives to combat fraud, and work and training requirements and programs. This study would specify the regulatory, statutory, or other authority for each rule. (Income eligibility levels are excluded from this report.)

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[1]Administrative procedures are defined in H.R. 11 (Section 1385(b)). House bill 11, passed by Congress last year, contained a requirement for the HHS-Agriculture report but was vetoed for unrelated reasons by President Bush. A copy of the relevant section from H.R. 11 is enclosed for your reference.

It is especially important for the Congress as well as the administration to have this information because there are so many different players. For example, five different authorizing committees have primary jurisdiction over AFDC, food stamps, and Medicaid. To enact reforms that make sense across programs and committee lines, we need clear information about the interactions among these three programs, and we need to know when changes require legislative action and which changes can be accomplished administratively.

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United States Senator

102d Congress 2d Session	HOUSE OF REPRESENTATIVES	Report 102-1034

REVENUE ACT OF 1992

CONFERENCE REPORT

TO ACCOMPANY

H.R. 11

October 5, 1992.—Ordered to be printed

U.S. GOVERNMENT PRINTING OFFICE
58-492 WASHINGTON : 1992

For sale by the U.S. Government Printing Office
Superintendent of Documents, Mail Stop SSOP, Washington, DC 20402-9328

7. Secretarial report on differences in program rules

PRESENT LAW

The AFDC, Medicaid, and Food Stamp programs serve many of the same persons, yet the eligibility policies and required procedures used by each program vary.

HOUSE BILL

The House bill requires that the Secretary of HHS and the Secretary of Agriculture jointly report to the President and Congress about differences in rules of the AFDC, Food Stamp, and Medicaid programs by no later than 6 months after the date of enactment of the legislation. The report is to include: what rules govern the programs, how these rules differ, which rules require statutory action to achieve uniformity, and which rules could be made more uniform without statutory amendment.

The program rules to be evaluated in the Secretaries' report include rules related to administrative procedures, definitions of countable income, definitions of income disregards and exemptions, quality control sanctions and incentives, incentives to combat fraud, work and training requirements and programs, and the child support enforcement program. The Advisory Committee on Welfare Simplification and Coordination is directed by the House bill to take account of the Secretaries' joint report on differences in program rules. Income eligibility levels would be excluded from the report.

SENATE AMENDMENT

The Senate amendment is the same as the House provision, except that it does not include reference to the child support enforcement program, and does not contain a requirement that the Advisory Committee on Welfare Simplification and Coordination take account of the Secretarial report. It also includes a requirement (not in House bill) for evaluation of policies on strikers.

CONFERENCE AGREEMENT

The conference agreement follows the House bill.

SEC. 1385. SECRETARIAL REPORT ON THE DIFFERENCES IN PROGRAM RULES UNDER THE FOOD STAMP PROGRAM, AID TO FAMILIES WITH DEPENDENT CHILDREN, AND MEDICAID PROGRAMS.

(a) IN GENERAL.—No later than 6 months after the date of the enactment of this section, the Secretary of Health and Human Services and the Secretary of Agriculture shall jointly submit to the President and the Congress a report which includes—

(1) the rules which govern the food stamp program operated under the Food Stamp Act of 1977, the program of aid to families with dependent children under part A of title IV of the Social Security Act, and the program of medical assistance under title XIX of the Social Security Act;

(2) how the rules differ across such programs;

(3) which of the rules under such programs require statutory action in order to achieve complete uniformity with respect to such programs (including specific statutory citations); and

(4) which of the rules could be made uniform without statutory action.

(b) RULES TO BE EVALUATED.—

(1) IN GENERAL.—The rules to be evaluated in the report required by subsection (a) shall include all rules related to administrative procedures (described in paragraph (2) of this subsection), definitions of countable income, definitions of income disregards and exemptions, quality control sanctions and incentives, financial and other incentives to combat fraud, work and training requirements and programs, and the program under part D of title IV of the Social Security Act. Income eligibility levels shall be excluded from such report.

(2) ADMINISTRATIVE PROCEDURES DEFINED.—The administrative procedures to be evaluated in the report required by subsection (a) include procedures governing—

(A) quality control error measurements;

(B) the effective dates by which State and local agencies must implement rule changes;

(C) verification of applicant or recipient circumstances;

(D) establishment of claims for overpayment;

(E) recipient reporting requirements;

(F) income budgeting methods for applicants and recipients;

(G) eligibility redeterminations;

(H) hearings for those aggrieved by a State or local agency decision on eligibility or benefits;

(I) determinations of citizen or alien status;

(J) time limits for processing applications; and

(K) response time and other requirements with respect to notices to recipients affecting their eligibility or benefits.

(c) COORDINATION WITH REPORT OF THE ADVISORY COMMITTEE ON WELFARE SIMPLIFICATION AND COORDINATION.—The Advisory Committee on Welfare Simplification and Coordination, established by section 1778 of the Food, Agriculture, Conservation, and Trade Act of 1990, shall consider the content of the report required under this section in the preparation of the Committee's report. This section shall not be construed to extend the deadline for submission of the Committee's report specified in section 1778(e) of such Act.