

State Welfare Chiefs Ask For More U.S. Guidance

Just New Authority Isn't Enough, They Say

By ROBERT PEAR

WASHINGTON, Sept. 9 — After seeking more authority over welfare policy for 15 years, state officials said today that they needed more Federal guidance on how to carry out the new welfare law.

Many of the officials said they expected to reap financial windfalls from the new law because the number of welfare recipients had dropped far below the levels of the last few years, which are used in computing the new Federal payments to states. Hardly any state officials mentioned the possibility of a recession, which would increase the demand for public assistance.

The state officials said they were frustrated by their inability to get authoritative interpretations of the new law from President Clinton's top domestic policy adviser, Carol H. Rasco, or from Mary Jo Bane, the Assistant Secretary of Health and Human Services for Children and Families.

State and Federal officials seemed to be feeling their way toward a new relationship as more than 500 state officials met in closed sessions to try to understand the intricacies of the law, which Congress passed at their behest.

The law, signed by Mr. Clinton on Aug. 22, gives state officials vast new authority to run their own welfare and work programs with Federal money. But states face severe financial penalties if they flout the law, which is complex and ambiguous on many points.

"It doesn't do us any good to get an opinion or an unofficial interpretation," said J. Maynard Chapman, the welfare reform manager in Colorado. "What we need is factual answers."

Clinton Administration officials were reluctant to give such answers, lest they be accused of undermining the law by trying to dictate decisions to the states.

After several hours of seminars with Federal officials today, Sue H. Sergi, Commissioner of the West Virginia Bureau for Children and Families, said the Federal experts "have

A complex and ambiguous law has state officials asking questions.

still got a lot of questions" themselves.

Under the new law, each state will receive a lump sum of Federal money. Each state must have "objective criteria for the delivery of benefits" and for "fair and equitable treatment" of beneficiaries, the law says. Mr. Chapman said he wanted to know what was meant by "objective criteria" and "equitable treatment."

The new law imposes stringent work requirements on welfare recipients. Sheila Lumpe, chairwoman of the Budget Committee in the Missouri House of Representatives, said she wanted to know what activities would qualify as work.

The law generally requires welfare recipients to work within two years of getting cash assistance. But a woman with a child under the age of 6 is exempt from the work requirement if she cannot find "appropriate child care" within a reasonable distance of her home or her work site.

Arnold R. Tompkins, director of the Ohio Department of Human Services, asked: "What is appropriate child care? And is that decision made by parents, the Federal Government or the states?"

The new law imposes a five-year lifetime limit on welfare payments to any family. But a state may grant "hardship exceptions" to 20 percent of its adult welfare recipients.

Jerry W. Friedman, Assistant Secretary of Social and Health Services in Washington State, asked, "If somebody gets a hardship exception from another state like Idaho, does that person automatically qualify for the exception in Washington?"

J. Jean Rogers, the welfare director in Wisconsin, wanted to know how

the time limit should be enforced when one welfare recipient married another welfare recipient who began receiving aid at a different time.

Perhaps the most frequent question was whether states would be allowed to continue operating experimental welfare programs for which they received Federal permission in the last three years. Typically, the Federal "waivers" cover only a few elements of a state program, but states want to continue operating the entire program.

Administration officials refused to give definitive answers, saying each state would have to decide for itself whether it is permitted to continue one or more waivers granted by the Federal Government. "You may wish to consult with the chief law officer of your state" in making this decision, the Administration said in a document given to state welfare officials.

Surveying the confusion among state officials, a Federal official commented: "States are like the dog that ran after the car and finally caught it. Now they're not sure what to do with it. It's amazing what happens when you wish for something and actually get it."

Another Federal official, Ms. Rasco, said: "We readily admit that we do not have all the answers. We are here for a two-way dialogue."

Larry Temple, deputy director of the Mississippi Department of Human Services, spoke for many state officials when he said, "Our caseload is going through the floor." It has fallen to 46,000 families on welfare today, from an average of 60,000 in 1992-94. In the coming year, he said, Mississippi expects to receive \$86 million of Federal welfare money under the new law, whereas it would have received \$54 million under the old law.

Gerald H. Miller, director of the Michigan Department of Social Services, said the number of families on welfare in his state had declined by 24 percent, to 170,000 from 225,000 in 1993. In the fiscal year that begins Oct. 1, he said, Michigan will receive \$775 million under the new law, whereas it would have received \$625 million under the old law.

Florida, Connecticut, Delaware, Missouri and Ohio reported similar declines in welfare cases, because of a strong economy and aggressive state efforts to put people to work. "The economy is the biggest factor," said Don Winstead, the welfare reform director in Florida.

States want answers, but Federal officials are wary of telling them what to do.

THE NEW YORK TIMES,

TUESDAY, SEPTEMBER 10, 1996

2 in House Face Ethics Charges by Nader Unit

By ADAM CLYMER

WASHINGTON, Sept. 9 — A self-styled Congressional reform organization founded by Ralph Nader has filed charges of ethical violations against two senior House Republicans, Tom DeLay, the majority whip, and Bud Shuster, chairman of the Committee on Transportation and Infrastructure.

The charges were made by the Congressional Accountability Project last Thursday, just before the 60-day pre-election deadline. Mr. DeLay, a Texan, was accused of demanding campaign contributions from political action committees as a condition of access to Republican leaders and of providing favors for his lobbyist brother.

Mr. DeLay attributed the accusation to trial lawyers displeased by his stands on tort reform. "Once again, the ethics committee is being abused for political purposes," he said.

The accountability project accused Mr. Shuster, a Pennsylvanian, of accepting an improper gift, overnight accommodations at the home of Ann Eppard, a lobbyist who had worked on his staff. It called their relationship "complex" and said Mr. Shuster's office provided help to Ms. Eppard's clients.

Mr. Shuster's re-election campaign, run through Ms. Eppard's company, issued a statement that called the late filing "a backdoor trick." It said, "These charges are just a rehash of a political smear campaign by my liberal enemies and

A reform group and two prominent Republicans see lobbyists differently.

they are just as baseless today as when they were first made."

Gary Ruskin, head of the accountability project, said the filing came at the last minute because his group found great reluctance among House Democrats to sign the letters required to transmit the charges to the Committee on Standards of Official Conduct. Mr. DeLay, as the third-ranking House Republican, has considerable influence over legislation, and Mr. Shuster can allow or forbid highway projects in any member's district.

Ultimately, the charges were brought before the committee by Democrats who wrote to the panel, saying that while they would not file the complaints themselves, they believed the accusations might have merit.

The Representatives who brought the DeLay complaint were Thomas M. Barrett of Nebraska, Luis V. Gutierrez of Illinois and Robert T. Matsui of California. Those who said the Shuster complaint might have merit were Representatives Gutierrez, Patricia Schroeder of Colorado and Pat

Williams of Montana. The last two are retiring from Congress this year.

Whatever substance it might find in the charges, the ethics committee is unlikely to look into them before Election Day. Several complaints, including charges against Speaker Newt Gingrich and Representative Richard A. Gephardt of Missouri, the minority leader, have been languishing before the committee for weeks.

The Nader group asked the committee to hire outside counsels to investigate the charges against the two high-ranking Republicans.

The accusations against Mr. DeLay cite reports in The Washington Post that he told lobbyists they would have to give more money to Republicans. They also cite reports in the Knight-Ridder News Service to say that his brother, Randy, a Houston lawyer, became a \$550,000-a-year lobbyist after Mr. DeLay was elected whip, and in Roll Call and The Houston Chronicle to say that Mr. DeLay helped a client of his brother evade a penalty for dumping imports.

In Mr. Shuster's case, the Nader group said that the Congressman's relations with Ms. Eppard "inevitably bring shame upon the Congress." It said there was "strong circumstantial evidence" of violations of law and that "anything less than a vigorous investigation pursued by an outside counsel will further strain the credibility of the ethics committee and further erode the public's trust in the House ethics process."

THE NEW YORK TIMES,

TUESDAY, SEPTEMBER 10, 1996

THE WHITE HOUSE
WASHINGTON

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

Useful background

ORIGINAL TO JSA

Welfare Reform Talking Points

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

Questions and Answers on Welfare Reform

August 20, 1996

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The President opposes these provisions, and will work to change them. As the President said, "This provision has nothing to do with welfare reform; it is simply a budget-saving measure, and it is not right ... I am convinced when we send legislation to Congress to correct it, it will be corrected." In any case, immigrants will still be eligible for emergency medical assistance and other limited kinds of care, such as immunizations.

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

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

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

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

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

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

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

Q: When does the new welfare system take effect?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q: How does this reform affect public housing?

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

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

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

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

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

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

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

Work Will Pay More Under Welfare Reform

People On Welfare Who Work Will Be Better Off

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

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

People Who Move From Welfare To Work Will Be Better Off

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

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

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The Personal Responsibility and Work Opportunity Reconciliation Act of 1996

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

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

MAKING WELFARE A TRANSITION TO WORK

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

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

PROMOTING RESPONSIBILITY

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

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

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

Teen Parent Provisions

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

IMPROVEMENTS OVER THE VETOED BILL

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

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

NECESSARY IMPROVEMENTS

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

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

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

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

COMPARISON OF WELFARE REFORM MAJOR PROVISIONS

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

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

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

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

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

MEDICAID PROVISIONS

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

FOOD STAMPS PROVISIONS

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

OTHER PROVISIONS

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

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

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

PRESIDENT CLINTON: Good afternoon.

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

For those reasons, I will sign it into law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

To: National Desk

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

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

The Briefing Room

3:12 P.M. EDT

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

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

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

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

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

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

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

important.

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

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

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

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

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

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

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

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

SECRETARY SHALALA: Over six years.

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

SECRETARY SHALALA: Yes.

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

SECRETARY SHALALA: Fourteen billion dollars.

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

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

Q What's the provision now?

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

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

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

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

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

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

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

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

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

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

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

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

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

That becomes a very sensitive issue for us.

Q -- bill does what as --

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

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

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

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

SECRETARY SHALALA: No.

Q -- and was it what you expected?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q Is it moot --

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

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

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

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

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

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

Q Which is likely --

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

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

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

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

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

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

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

Do you want to --

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

Q But from your own starting point --

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

SECRETARY SHALALA: Deficit-neutral, basically.

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

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

MR. REED: In 1994?

Q Yes.

MR. REED: Which was deficit --

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

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

--

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

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

THE PRESS: Thank you.

END 3:34 P.M. EDT

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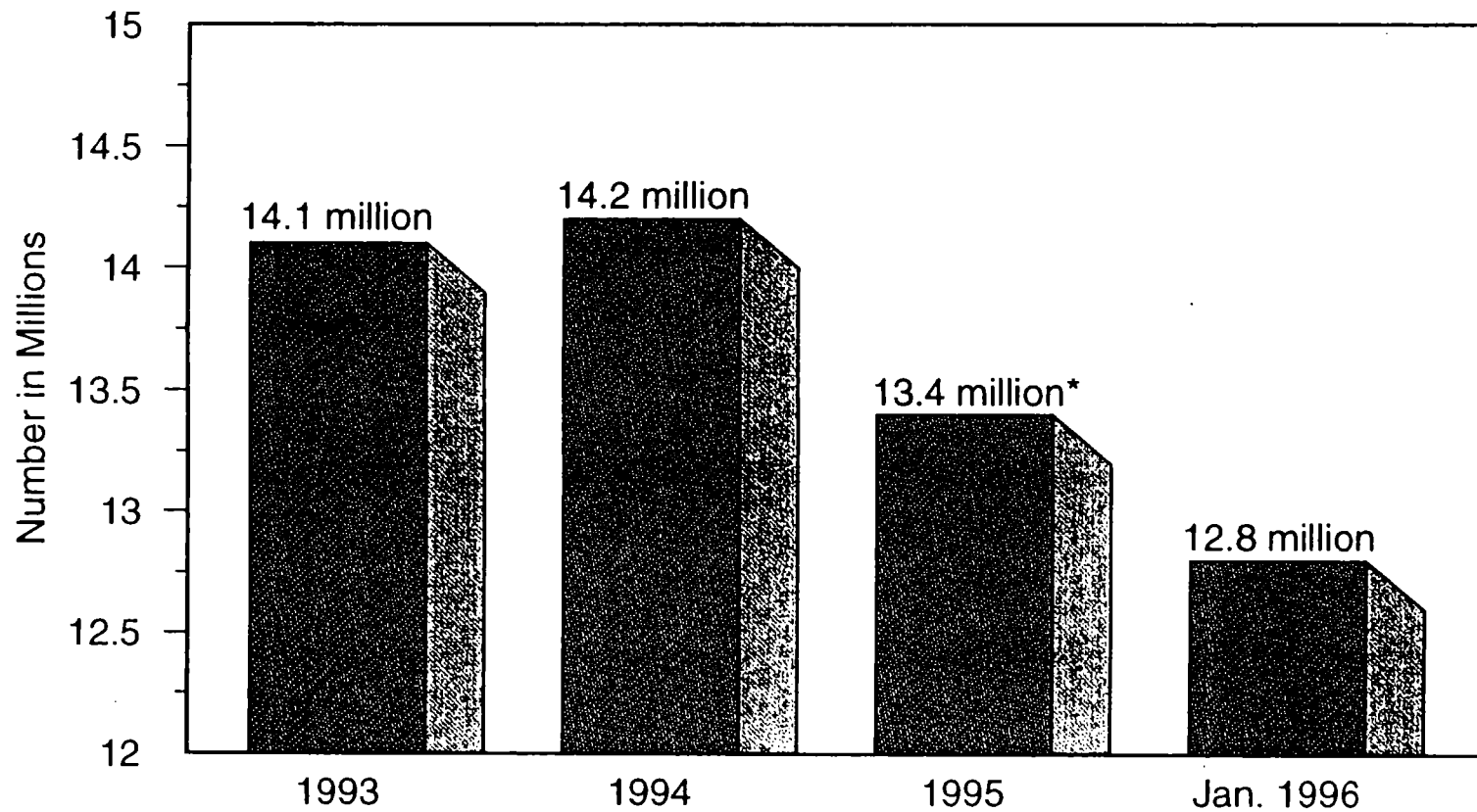
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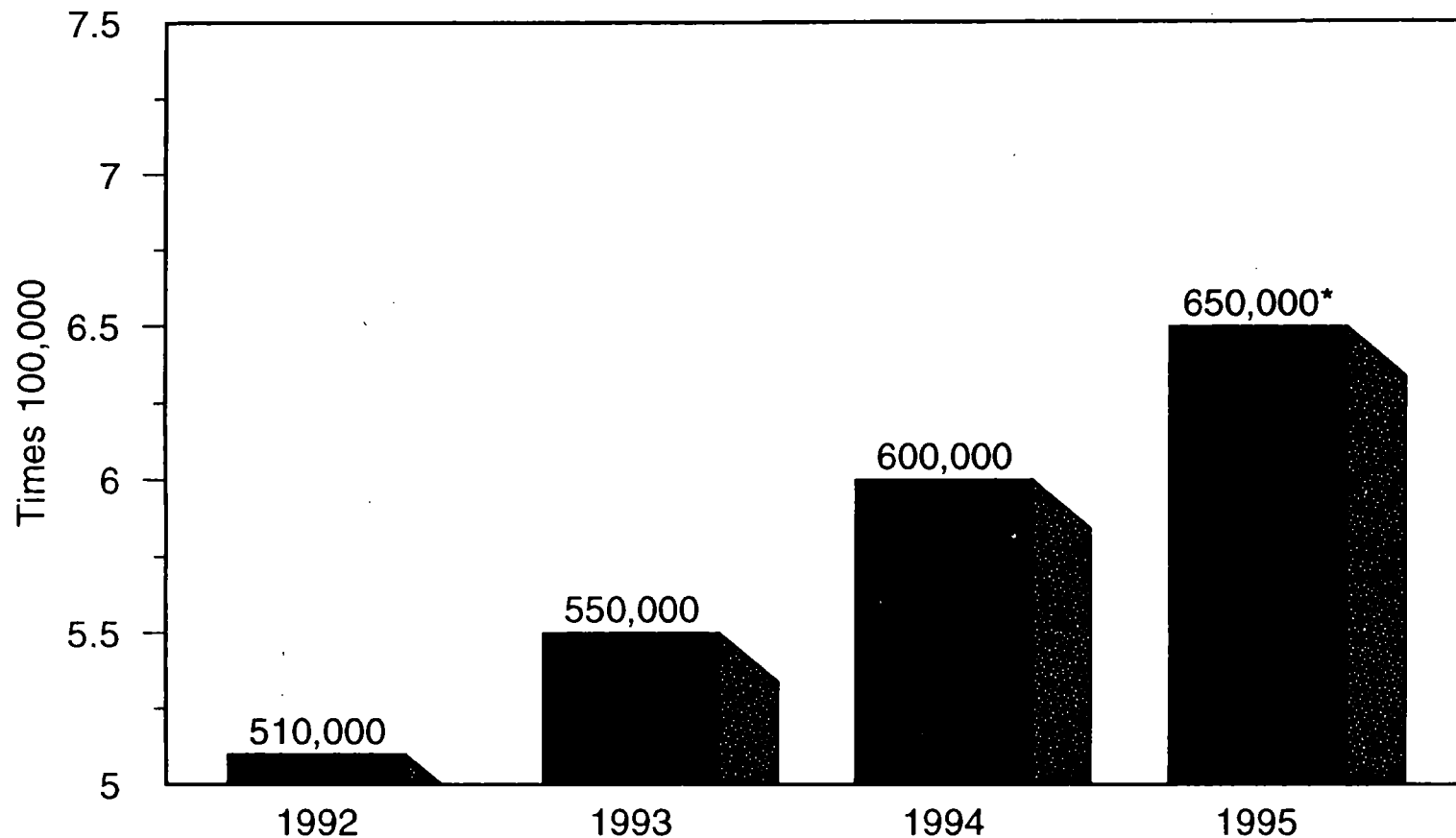
The Total Number of AFDC Recipients Has Declined Under the Clinton Administration



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

*Preliminary Estimate

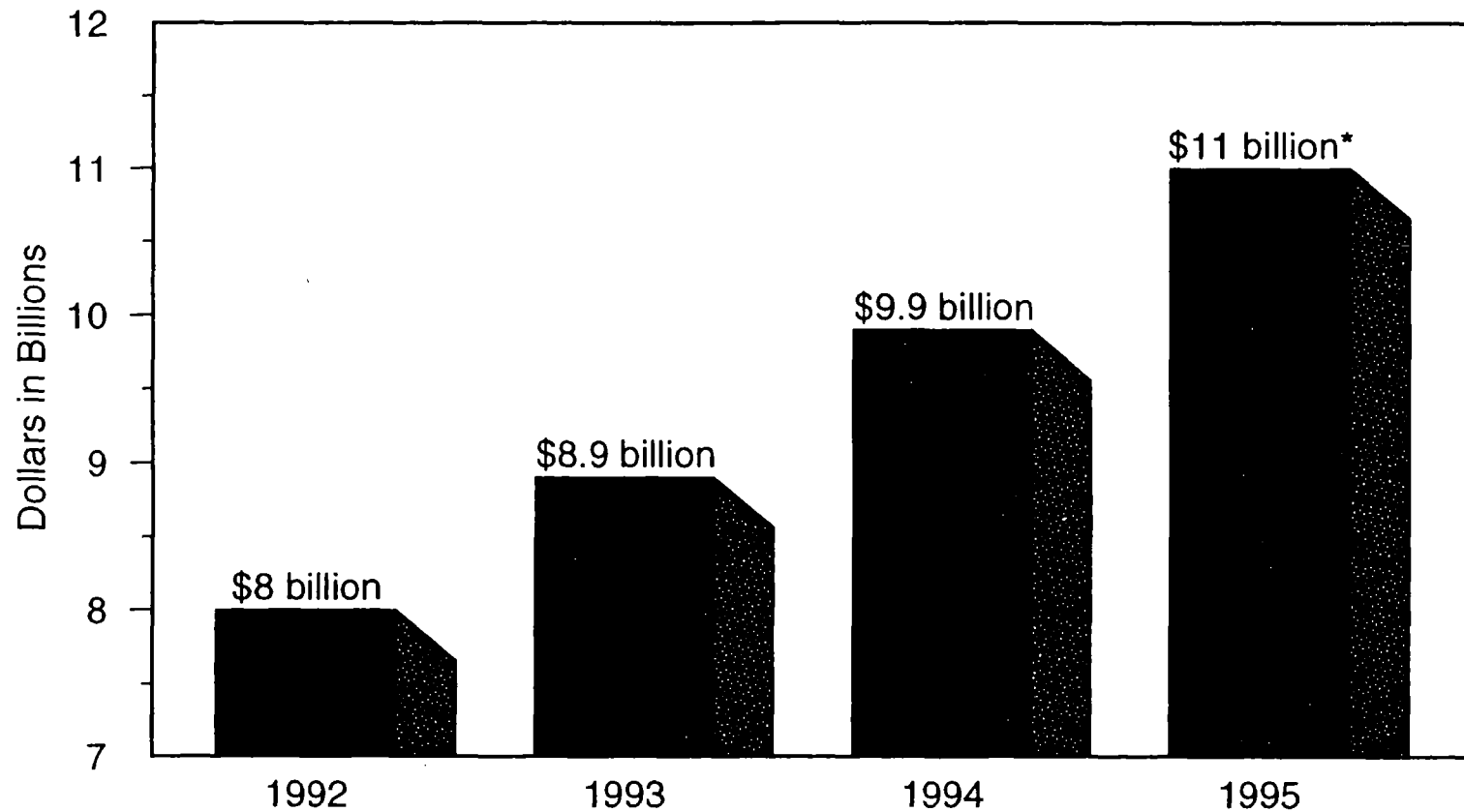
Work and Training Activities Among AFDC Recipients Have Increased Under the Clinton Administration



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

*Preliminary Estimate (All Numbers Rounded)

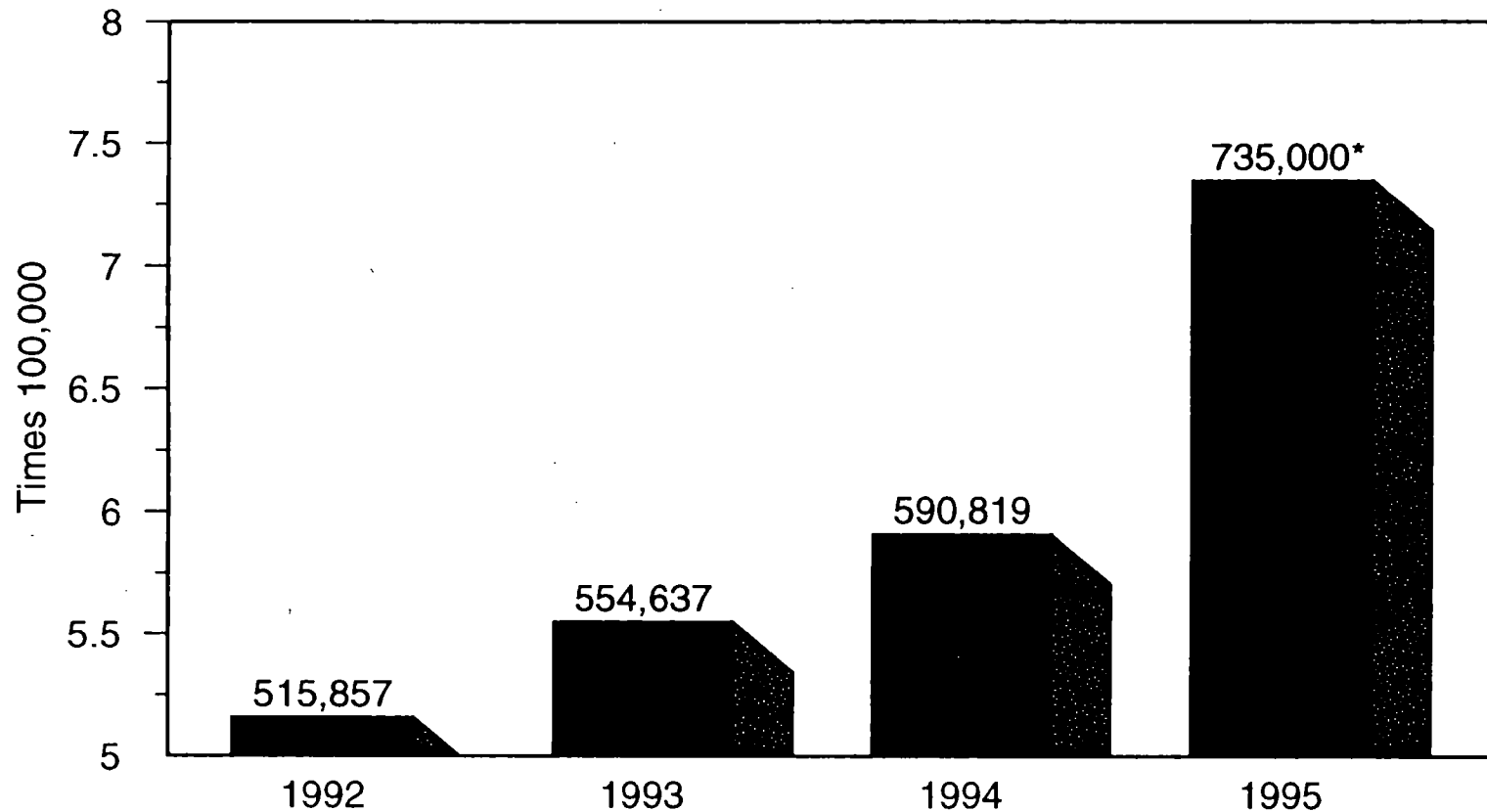
Child Support Collections Have Increased Under the Clinton Administration



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

*Preliminary Estimate

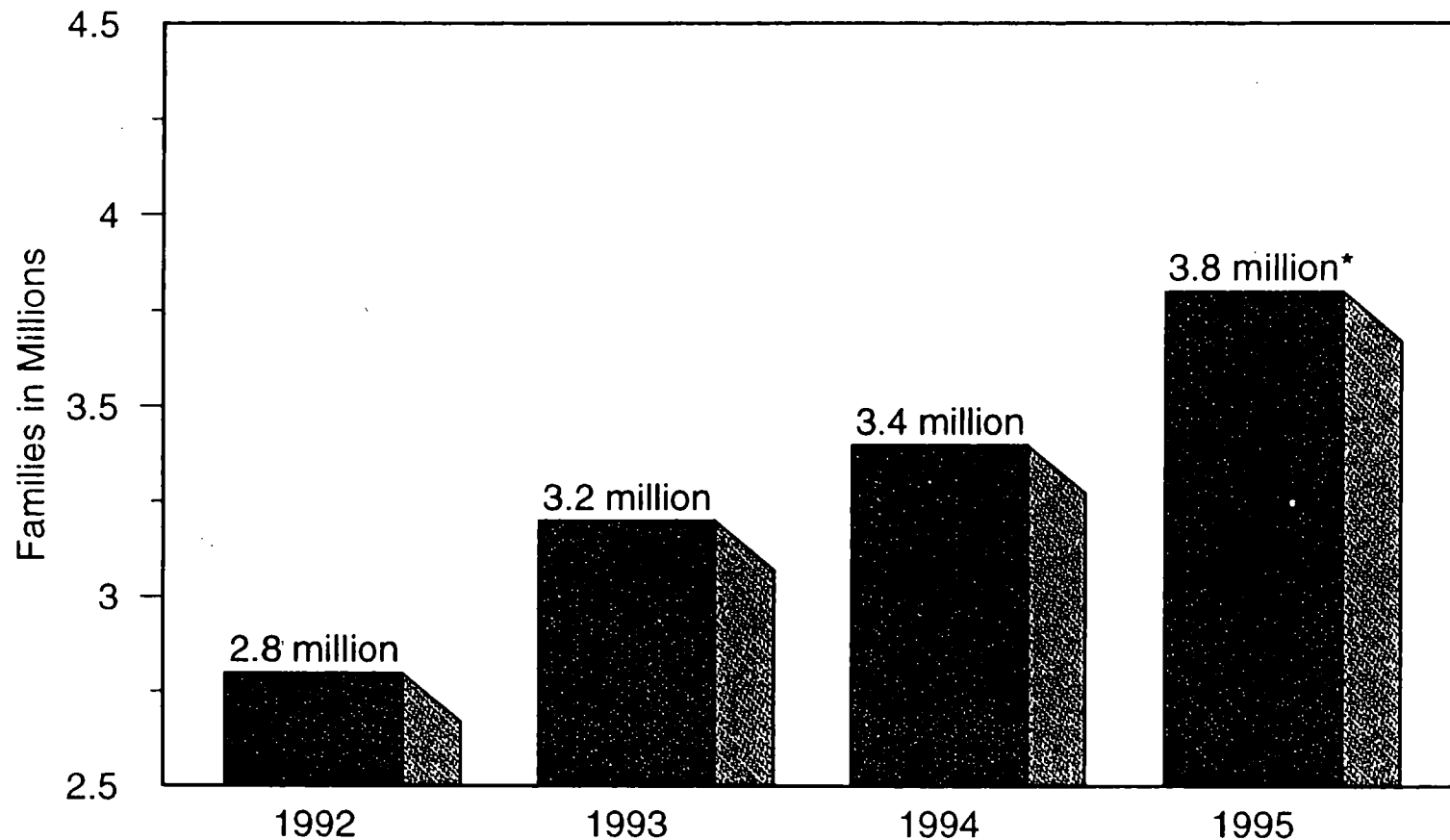
Paternity Establishments Have Increased Under the Clinton Administration



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

*Preliminary Estimate (All Numbers Rounded)

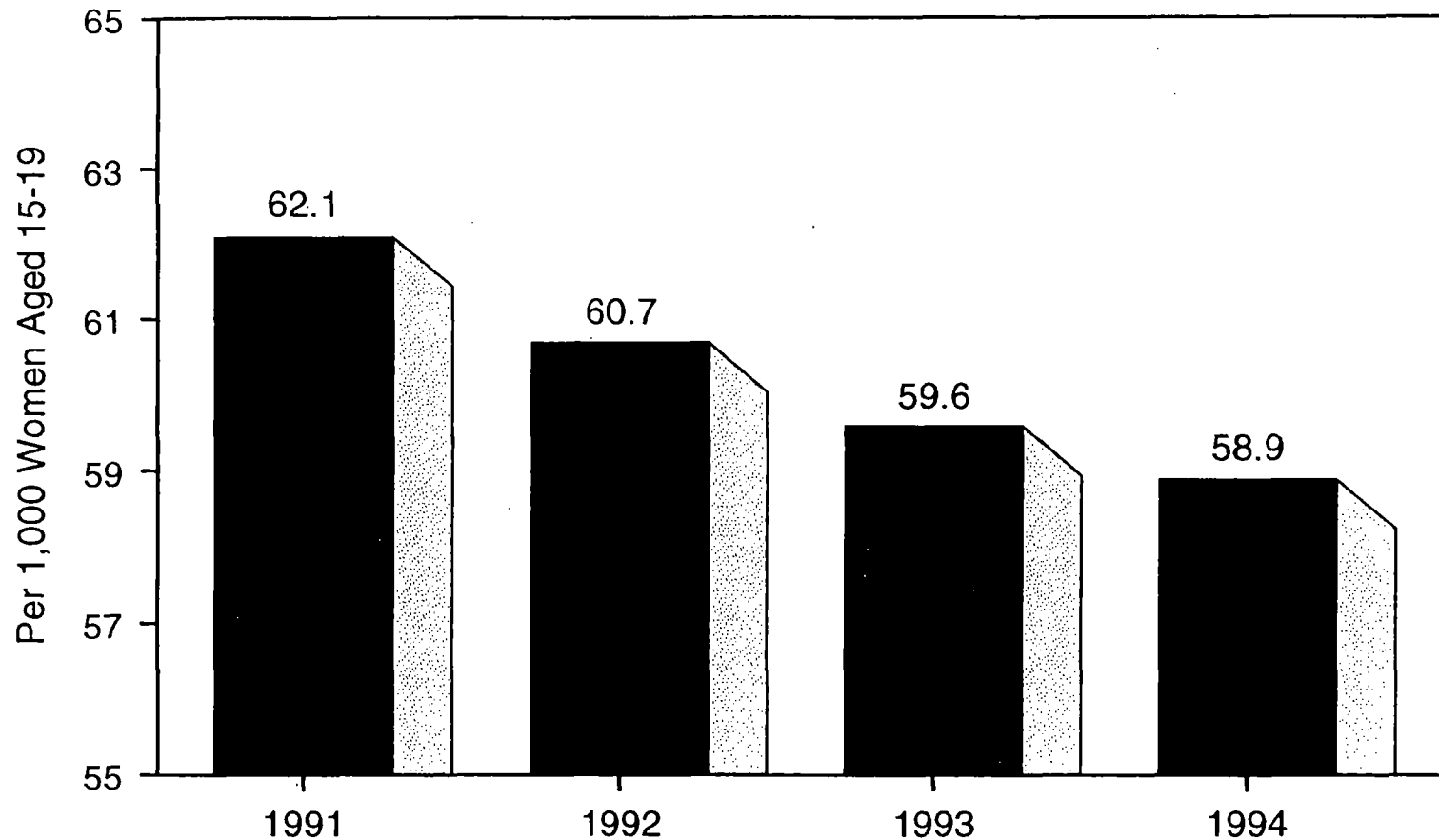
Families Served by Child Support Enforcement Have Increased Under the Clinton Administration



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

*Preliminary Estimate

Teen Birth Rates Have Declined Under the Clinton Administration*



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

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

welfare reform - good -

- Medicaid, food stamps, child welfare, school lunch -

Minimum Wage over five

$\frac{1}{2}$ the waivers are at County/Local level.

- modest changes in laws state now and next
five

\$1 million kids in poverty - cuts in food stamps/legal
immigrants

THE WHITE HOUSE
WASHINGTON

Eliz:
Your copies

August 7, 1996

MEMORANDUM FOR SECRETARY ROBERT RUBIN
ATTORNEY GENERAL JANET RENO
SECRETARY DANIEL R. GLICKMAN
SECRETARY MICHAEL KANTOR
SECRETARY ROBERT B. REICH
SECRETARY DONNA E. SHALALA
SECRETARY HENRY G. CISNEROS
SECRETARY RICHARD W. RILEY
ACTING DIRECTOR JACK LEW
CHAIRMAN JOE STIGLITZ
ADMINISTRATOR PHIL LADER
COMMISSIONER SHIRLEY S. CHATER

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

Bruce Reed *BR*
Assistant to the President for Policy Planning

SUBJECT: WELFARE REFORM LEGISLATION

The President has asked that we ensure a smooth and successful implementation of the welfare reform legislation. We will need to work together to achieve that goal. Accordingly, the Domestic Policy Council (DPC) has been directed to coordinate the Administration's implementation of the bill. We will co-chair a welfare reform implementation working group comprised of a lead contact person from each of your departments and agencies as well as appropriate White House divisions.

The group will focus initially on three tasks: (1) working with the National Governors Association, American Public Welfare Association, National Council of State Legislators, and other organizations as appropriate to assure a smooth transition and effective implementation; (2) developing proposals to expand job opportunities for those leaving welfare; and, (3) coordinating Presidential welfare events, including the pending bill signing.

The group's first meeting is **Friday, August 9, 1996, 1:30-2:30 pm, room 180, Old Executive Office Building.** Please designate as your lead contact person a senior official who can provide leadership and continuity on the issue and ask that he or she attend the meeting. Please let Jill Pizzuto of the DPC know who will attend from your department or agency (456-2249). If you have any questions, please contact Jeremy Ben-Ami of the DPC at 456-5584.

THE WHITE HOUSE
WASHINGTON

August 7, 1996

MEMORANDUM FOR ALEXIS HERMAN
MARCIA HALE
JOHN HILLEY
JACK QUINN
DON BAER
KITTY HIGGINS
LAURA TYSON
RON KLAIN
MAGGIE WILLIAMS
BETSY MYERS

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Personal Responsibility and Work Opportunity Reconciliation Act of 1996

**Draft analysis prepared by the
American Public Welfare Association
National Governors' Association
National Conference of State Legislatures**

Block Grants for Temporary Assistance for Needy Families

Purpose: To provide assistance to needy families with children so they can be cared for in their own home and to reduce dependency by promoting job preparation, work and marriage. States may also use funds on efforts to prevent out-of-wedlock pregnancies and encourage the formation and maintenance of two-parent families.

Effective Dates: With certain exceptions, the effective date for the TANF block grant is July 1, 1997. States may opt to begin implementing the block grant immediately and no state will receive more than their block grant allocation in FY 1997. Most penalties against states, and the new data collection requirements "shall not take effect with respect to a State until, and shall apply only with respect to conduct that occurs on or after", the later of July 1, 1997 or 6 months from the date that the Secretary of HHS receives a state's plan.

Grants to States: The bill provides for a total of \$16.38 billion annually for states in the form of block grants for each of fiscal years 1997 to 2001. States receive funding based upon federal expenditures in the state on AFDC benefits and administration, Emergency Assistance(EA) , and JOBS. States would receive the greater of:

- the average of FY 92-94 expenditures; or
- FY 94 expenditures plus 85 percent of the State's emergency assistance (EA) for FY 95 that exceeds the total amount of EA paid to a state for FY 94, if during FY 94 HHS approved the use of EA funds for family preservation; or
- four-thirds of the total amount to be paid to the state under section 403 for the first three quarters of FY 95 expenditures, plus the total amount required to be paid to the state for FY 95 under JOBS.

Use of Block Grant Funds: States may use their TANF block grant allocation for any "manner reasonably calculated to accomplish the purpose of the TANF." Activities that were authorized under Title IV-A and IV-F as of Sept. 30, 1995 are also eligible uses. The bill ends the federal entitlement of individuals to cash assistance under Title IV-A and states have complete flexibility to determine eligibility levels and set benefits levels.

State Options: Carryover amounts for the purpose of providing assistance in future years under the TANF Block Grant; make payments or vouchers for employment placement program; implement an EBT Program.

Administrative Cap: The bill sets a 15% administrative cap on state's use of TANF funds for administrative activities. Information technology and computerization needed for tracking and monitoring recipients of assistance is not included in the 15% cap.

Maintenance of Effort: States must meet an 80% maintenance-of-effort to receive their full block grant allocation. The MOE will be reduced to 75% for states that meet the work participation rate requirement. The MOE is based upon a state's FY 94 spending on AFDC, JOBS, AFDC-related child care and Emergency Assistance.

Transferability: States may transfer up to 30% from the TANF block grant into the child care block grant and the Social Services Block Grant (SSBG). States may transfer no more than 10% of the TANF to the SSBG, however, the funds transferred to the SSBG must be spent on services to children and families whose incomes do not exceed 200% of the poverty level.

Contingency Fund: The bill provides \$2 billion in federal matching funds for the period FY 1997-2001 for states experiencing economic downturn. An eligible state must maintain 100% of its FY 94 level of state spending for welfare in the year(s) a state uses the fund. States must meet one of two triggers to access the fund. Under the unemployment trigger a state must have an unemployment rate of at least 6.5% and the average rate must be at least 10% higher than the same quarter in either of the two preceding years. Under a food stamp trigger, a state would be eligible for the contingency fund if the number of food stamp recipients (for the most recent 3 months for which data is available), is 10% greater than the monthly average number of individuals that participated in the food stamp program in FY 1994 or FY 1995 (whichever is lower) in the corresponding three month period.

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Draft analysis prepared August 1, 1996

A state may not draw down more than 20% of the state's total block grant in a fiscal year. In any month, a state may draw down only 1/12 per month of the 20%. States may continue to draw down from the fund for 1 month after it no longer meets a trigger

Rainy Day Loan Fund: Provides a \$1.7 billion federal revolving loan fund. Eligible states may not have incurred any penalties under cash block grant. Maximum loan is 10% of state's grant, for up to 3 years.

Supplemental Grant Amount: The bill provides \$800 million for FY 98 to FY 2001 for states with high population growth and/or low grant amounts per poor person. Eligible states must have qualified for the fund in FY 97; have an average level of welfare spending per poor person less than the national average; and an estimated rate of state growth by the Census Bureau that is greater than the national average. Those who qualify will receive a 2.5% increase in funding in their TANF block grant per year.

Fair and Equitable Treatment: A state must certify that it will set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including an explanation of how the state will provide opportunities for recipients who have been adversely affected to be heard in a state administrative or appeal process.

Performance Bonus: Provides \$1 billion over five years for cash bonuses to "high performing states" that meet the goals of the program. The Secretary of HHS, with NGA and APWA, will develop a formula to be used in measuring state performance and making the award.

Illegitimacy Reduction Bonus Fund: Includes bonuses to states that reduce out-of-wedlock births without increasing abortions.

Work Requirements: States must achieve the following minimum participation rates with respect to all families that include an adult or minor child head of household.

Work Participation Rates for All Families:

FY 1997 -- 25%	FY 2000 -- 40%
FY 1998 -- 30%	FY 2001 -- 45%
FY 1999 -- 35%	FY 2002 and beyond -- 50%

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Work Participation for Two-Parent Families:

FY 1997 -- 75%
 FY 1998 -- 75%;
 FY 1999 and beyond -- 90%

Allowable work activities

1. unsubsidized employment;
2. subsidized private sector employment;
3. subsidized public sector employment;
4. work experience (including work associated with refurbishing publicly assisted housing, only if sufficient private sector employment is not available;
5. on-the-job-training,
6. job search and job readiness assistance for up to 6 weeks (no more than 4 weeks may be consecutive. Individuals in states with unemployment at least 50% greater than the national average may participate for 12 weeks);
7. community service programs,
8. vocational education training (not to exceed 12 months for any one individual);
9. job skills training directly related to employment;
10. education directly related to employment, in the case of a recipient who has not received a high school diploma or certificate of high school equivalency;
12. satisfactory attendance at secondary school or course of study leading to GED in the case of a recipient who has not completed secondary school; and
13. provision of child care services to an individual who is participating in a community service program.

Important details:

-- For all families, activities #9, 10 and 11 will not count toward meeting the first 20 hours of participation unless, for 10 and 11, the parent is a teen head of household. For two-parent families, these activities do not count toward meeting the first 30 hours.

-- Not more than 20% of families may count toward the work rate by participating in vocational education or as a teen head of household in school or education directly related to employment.

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Minimum Work Hours Per Week

FY 1997 -1998	20 Hours
FY 1999	25 Hours
FY 2000 and beyond	30 Hours

A single parent with a child under age six will be counted toward meeting the work requirement if the parent is engaged in work for an average of 20 hours per week.

A teen parent/head of household and under age 20 will be deemed to be engaged in work for a month if the recipient maintains a satisfactory attendance at secondary school or the equivalent during the month; or participates in education directly related to employment for at least the minimum average number of hours per week specified above.

For Two-Parent Families a minimum of 35 hours a week spent in allowable activities. If a two-parent family receives federally-funded child care then both parents must work with an exception for parents of severely disabled children or parents who are themselves disabled..

Calculation of Participation Rates

Monthly Participation Rate-(all families) The number of families receiving TANF assistance that include an adult engaged in work; divided by the number of families receiving such assistance subtracting out the number of families that have been penalized in the month but have not been subject to such penalty for more than three months within the preceding 12-month period (whether or not consecutive). Those who leave welfare for work may not be counted toward a state's participation rate.

Two-Parent Families -- Uses same formula as above, but substitutes 2-parent families for "all families."

State Options

1. To include families receiving assistance under a tribal family assistance plan.
2. To not require an individual who is a single, custodial parent with a child under one year to engage in work. A state may disregard the individual when

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determining participation rates. That parent may only receive this exemption for a total of 12 months although it does not need to be consecutively.

Participation Rate Reductions

The Secretary will establish regulations for granting states reduction in the work participation rate by a percentage equal to the percent (if any) that the number of families receiving aid under the block grant is less than the number of families receiving aid under Part A as in effect Sept. 30, 1995. The minimum participation rate may not be reduced to the extent that the Secretary determines that the reduction in the number of families leaving such assistance is required by federal law or proves that families were diverted as a result of changing eligibility criteria.

Penalties Against States for Failure to Meet Work Participation Rate: A state will be penalized by a grant reduction of 5% the first year it fails to meet participation rates. For consecutive failures, penalties rise by 2% each year with a cap of a 21% reduction in the TANF block grant amount. The Secretary can reduce the penalty for missing the work participation standard if a state is in a recession provided that the state is defined as "needy" (based on unemployment and food stamp population).

Sanctions Against Individuals: A state must: reduce assistance to a family pro rata (or more at state option) for any period in which an adult member of the family refuses to engage in work required under the TANF; State may terminate assistance subject to good cause and other exceptions the state may establish. Recipients must be participating in a community service within two months of receiving benefits if they are not working. States may opt out of this community service requirement with a letter from the Governor to the Secretary of HHS.

No Sanctions for Lack of Child Care: A state may not reduce or terminate assistance to a single parent with a child under age six if the parent proves that failure to participate in work is due to lack of care due. States may not disregard these parents when calculating participation rates.

Key Prohibitions

No Assistance Past 5 Years: A state may not use any part of the grant to provide any assistance to a family that includes an adult that has received assistance for 60 months under a state program funded by the TANF block grant. States may use

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their own funds to provide assistance after 5 years. For American Indians months in which a recipient spent on a reservation on which at least 50% of all adults are unemployed do not count towards this time limit.

Hardship Exemption: A state may exempt up to 20% of its caseload from the lifetime limit by reason of hardship, or if the family includes a member who has been battered or subject to extreme cruelty.

Teen Parents: Unmarried teen parents of a minor child at least 12 weeks of age must attend school, participate in activities target to achieving a high school diploma, or GED, or participate in an alternative education or training program approved by the State to receive assistance. States must also deny assistance if the teen is not living at home or in an approved, adult-supervised setting.

Medical Services: No part of a state's TANF grant may be used for medical services.

Paternity Establishment -- Individuals who fail to cooperate in establishing paternity must have grants reduced by 25%

Person convicted of drug-related felony: States must deny all Title IV-A cash assistance and food stamp benefits to individuals convicted of felony drug possession, use, or distribution. Other members of the family could continue to receive benefits. States may opt out or modify this provision.

States Currently Operating under Existing Waivers

-- States may terminate existing waivers and be held harmless for any accrued federal cost liabilities.

-- States must make the decision to terminate within 90 days after the adjournment of the first regular session of the state legislature after the bill's enactment.

-- States may continue their waivers but will only receive their block grant funding in future years.

-- To the extent the amendments made by the Act are inconsistent with the waiver, then the amendments will not apply.

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-- Waivers submitted prior to enactment and approved by July 1, 1997 must comply with Sec. 407-work requirements, even if the requirements are inconsistent with the waiver.

State Options

-- Allows states which have family caps to use SSBG money to provide vouchers for the excluded child.

-- Allows states to deny teen parents and their children assistance. Allows states to require school attendance by parent (if s/he has not completed high school) and children in a family.

-- States must perform assessments but personal responsibility contracts are at the option of the state.

State Plan Requirements

-- State plan must be filed every two years. Must include an explanation of how a state plans to: serve all its political subdivisions; require a parent or caretaker to engage in work activities as defined by the state once the state determines the individual is ready, or once a parent or caretaker has received assistance under the program for 2 years. The plan must also ensure that parents and caretakers receiving assistance engage in allowable work activities. A state must explain whether welfare will be provided to non citizens and if so; provide an overview of benefits. Treat interstate immigrants, if families including such immigrants are to be treated differently than other families. Take necessary steps to assure appropriate confidentiality; set goals and take action to reduce out-of-wedlock pregnancies.

The plan must also set forth objective criteria for the delivery of benefits and the determination of eligibility and for fair and equitable treatment, including how the state will provide an administrative or appeals process for recipients who have been adversely effected.

A state must certify in its plan that it will operate a child support enforcement program, and a child protection program. A state is also required to certify how the state will administer the program and that it will provide Indians with equitable access to assistance. A state must make a summary of the state plan available to the public.

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CHILD CARE

The bill consolidates existing IV-A child care funding (AFDC/JOBS, at-risk, and Transitional child care)

Total Funding: Authorizes a total of \$13.9 billion in mandatory funding for FY 1997-2002 and \$7 billion in discretionary funding (or \$ 1 billion a year) for FY 1997-2002.

Basic Allocation: States would receive approximately \$1.2 billion of the mandatory funds each year as a capped entitlement. A state's base allocation will be based on the greater of the federal share of IV-A child care expenditures in the state for FY 1992-1994, FY 1994 or FY 1995

Matching funds: The remainder would be available for state match (at the Medicaid rate) and each state's share would be determined based on its share of the population age 13 and under. The bill requires states to maintain 100% of FY 1994 or FY 1995 child care expenditures (whichever is greater) to draw down (at 1995 Medicaid rate) the matching mandatory funds. Total matching funds to states will be \$729 million in FY 1997, \$827 million in FY 1998, \$924 million in FY 1999, \$1.121 billion in FY 2000, \$1.317 billion in FY 2001 and \$1.464 million FY 2002.

Use of Funds: States must use at least 70% of the total amount of mandatory funds to provide child care assistance to welfare recipients, to those in work programs and attempting to leave welfare, and those at-risk of going on welfare.

A 4% set-aside applies for activities designed to provide comprehensive consumer education to parents and the public; activities that increase parental choice; and activities that improve the quality and availability of child care, such as resource and referral.

A 5% cap on administrative costs, which excludes direct services, applies to all mandatory and discretionary funding. Requirements of the CCDBG as amended apply to all child care funds.

Current law health and safety protections are maintained.

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Tribal Issues: Administration of Funds: Funds are administered by CCDBG agency. Governor designates lead agency; that agency has the choice of governmental or non-governmental agency to administer funds.

State Plan

States must certify that consumer education will be collected and disseminated to parents of eligible children and the general public. States must certify that licensing requirements are in effect that are applicable to child care services provided within the state, and provide a detailed description of how the requirements are enforced. States must demonstrate how specific child care needs of families receiving welfare, families attempting through work activities to transition off of welfare, and families who are at risk of going on welfare.

Annual Reports and Audits: a. Quarterly Reports - States must collect information monthly on the following data reporting elements and submit information quarterly: family income; county of residence; the gender and age of children receiving assistance; whether the family includes only 1 parent; sources of family income (including employment, IV-A cash assistance, housing assistance, food stamp assistance, and other assistance programs); the number of months the family has received benefits; the type of child care in which the child was enrolled; whether the child care provider was a relative; the cost of child care for families; and the average hours per week of care. The Secretary may disapprove the information collected if the state uses a sampling method.

b. Biannual Reports: States must collect information on the following data reporting elements and submit information every 6 months: the number of child care providers that received funding; the monthly cost of child care services and the subsidy cost portion; the number of payments made to providers through vouchers, contracts, cash and disregards under public benefit programs, listed by the type of child care services provided; the manner in which consumer education information was provided to parents; and the total number (without duplication) of children and families served.

Penalties: If the Secretary determines the state not to be in compliance, the state may be required to reimburse the Secretary for any funds that were improperly expended for purposes prohibited or not authorized, and the Secretary may deduct from the administrative portion of the state allotment for the following fiscal year an amount that is less than or equal to any improperly expended funds, or a combination of such options.

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Medicaid Program

Eligibility: Under current law, persons eligible for assistance under Title IV-A (AFDC) are automatically entitled to coverage under the state's Medicaid program. The conference report severs this automatic link. It amends Title XIX to say that any reference in Title XIX to eligibility under Title IV-A shall mean the state's AFDC state plan as it existed on July 16, 1996. A state can modify those "frozen" plans in three ways: (1) it can lower its income standards, but not below the level applicable under its AFDC state plan as of May 1, 1988; (2) it may increase income or resource standards, and medically needy income levels, by an amount not to exceed the CPI; and (3) it may use income and resource methodologies that are less restrictive than the methodologies used under the State plan as of July 16, 1996.

Existing Medicaid law regarding transition assistance to persons losing eligibility due to increased child support or earnings are continued, and the transition assistance provisions, due to sunset in 1998, are extended to 2001. States will have the option to terminate medical assistance for persons denied cash assistance because of refusal to work; pregnant women and minor children are, however, protected. A state with a waiver of certain Title IV-A provisions in place or approved by the Secretary on or before July 1, 1997, will have the option to continue to operate under that waiver with regard to eligibility for medical assistance. The bill also allows the Secretary to increase the federal share of administrative costs associated with the implementation of the new eligibility rules, up to a total federal expenditure, over four years, of \$500 million.

These changes have the same effective date as the Title IV-A provisions, that is, not later than July 1, 1997, and earlier at state option.

Services for aliens. A state will have the option, as of January 1, 1997, of denying Medicaid coverage to persons who are legal residents but not citizens. New immigrants will be automatically barred for five years after entry. After that, the state may offer Medicaid coverage, but will have to apply deeming provisions. There are certain exceptions for persons who have worked for forty quarters in covered employment, or served in the military. No state may deny coverage of emergency medical services to either illegal or legal aliens.

SSI for children. Language in current law permitting determination of disability for children under the "Individual Functional Assessment" process is repealed. These children will have to be evaluated using the traditional list of disabilities.

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Social Security Income

SSI for Children: Upon enactment for pending and new applications, would eliminate the comparable severity standard, the IA, and references to maladaptive behavior in the listing, and would establish a new disability definition for children. SSA must redetermine within one year of enactment the eligibility of current beneficiaries based on the new definition. Provides for cut-off of benefits for current beneficiaries found ineligible under new SSI definition to occur no sooner than July 1, 1997.

Continuing disability reviews would be conducted for low birth weight children within one year of birth, and at least every three years on children under age 18. Representative payees for children would be required to present evidence at the time of a continuing disability review that the child is receiving treatment to the extent considered necessary and available for his or her condition. Eligibility would have to be redetermined, using the adult criteria, within one year following a recipient turning age 18.

An additional \$200 million for FY 1997, \$75 million for FY 1998, and \$25 million for FY 1999 is authorized and appropriated for continuing disability reviews and redetermination, with highest priority given to those reviews necessary to implement the elimination of the reference to maladaptive behavior and the discontinuation of the IA. The House recede to this Senate provision for CDRs with a modification authorizing (but not appropriating) \$250 million and the floating cap for CDR's is increased \$250 million.

For privately insured, institutionalized children, cash benefits would be limited to \$30 per month. Requires that retroactive SSI benefits be placed in a dedicated savings account, to be used only for education or rehabilitation related services.

Food Stamp Program

Several important food stamp changes emerged in the conference agreement. Highlights of these and other provisions include:

Optional Block Grant: The conference agreement deletes a controversial provision that would have allowed states to choose a food stamp block grant if they met certain conditions. The original House and Senate bills, as marked up,

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allowed the optional block grant, but the Senate passed a floor amendment Sen. Kent Conrad (D-N. D.) by a 53-45 vote deleting the block grant from its final bill. The conference agreement followed suit and dropped the option. Some governors had promoted the block grant as necessary for the flexibility and compatibility they said were needed to successfully implement welfare reform in their states, but the Clinton Administration had strongly opposed the option as a threat to the program's safety net features and to the nutritional well-being of children.

New work requirement: The bill imposes a new food stamp work requirement under which able-bodied recipients age 18-50 with no dependents are ineligible unless they work for certain amounts of time. The Senate bill would have required work for eight months out of each 12; the House would have required work during the recipient's entire 18-50 "work lifetime" except for the first three months of benefit receipt. The conference agreement specifies that recipients may receive benefits only three months out of each three years, and must work the remaining 30 months. However, if the working recipient loses his or her job, an additional three months' benefits are allowed once in the three year period. "Work" also includes participating in a work program or workfare 20 hours or more a week, averaged monthly. Qualifying work programs include programs under JTPA or the Trade Adjustment Assistance Act, state or local programs approved by the Governor (including a food stamp E&T program), and workfare, but not job search or job search training programs. States can exempt up to 10% of those covered by the requirements for hardship situations; the Senate passed an amendment to raise that figure to 20%, which the conferees rejected.

EBT and Reg E: The conference agreement exempts food stamp EBT systems from Reg E (but not other needs-tested programs). Report language is included expressing Congressional intent that regulations regarding benefit replacement and loss liability may be no more restrictive than those in place for the paper coupon program. Food EBT benefit programs administered by state or local governments. States are required to implement food stamp EBT by October 1, 2002, unless waived. Systems must be cost-neutral over their life. States are required within two years of implementation to fund the cost of retailer scanning devices to differentiate allowable and non-allowable food items. States may charge for replacement cards and may require photos on EBT cards. EBT vendors may not condition their contracts on states buying additional point-of-sale service from them or an affiliate.

Waiver Authority: Mark-ups of both bills included broad new waiver authority that would allow states to request waivers for welfare reform, work, or multi-program conformity projects, with some restrictions. The conference agreement

language includes a similar provision but adds further restrictions. The major restrictions include: no new cash-out projects; no transfer of food stamp or employment and training funds to other assistance programs; no non-time-limited projects; a limitation to 15% of the caseload and five years duration if the project would reduce benefits by more than 20% for more than 5% of households in the project; no adverse effect on certain vulnerable populations nor on certain rights and procedures in the Food Stamp Act; no conditions based on "behavioral" activity such as a family cap or benefit time limit; and no waivers of a provision of the Simplified Food Stamp Program option.

Work supplementation and cash out: The conference agreement allows work supplementation or support programs where the value of cash and food stamp benefits are provided to employers who in turn hire and pay public assistance recipients. The agreement also allows states where 50% or more of the caseload received AFDC in 1993 to cash out food stamp benefits to households receiving both cash grants and food stamps, and who have a member who has worked for at least three months in an unsubsidized private sector job that pays at least \$350 a month. States must increase benefits to compensate for state or local food sales taxes.

Exclusion of LIHEAP from food stamp income: The agreement includes a Senate amendment by Sen. James Jeffords (R-Vt.) to exempt LIHEAP from being counted as food stamp income.

Simplified Food Stamp Program: The agreement includes the Simplified Food Stamp Program option passed by both houses, under which states may conform the cash assistance portion of the food stamp caseload to their new cash assistance block grant plans. The agreement specifies that the Secretary will determine if the program is increasing federal costs; states will not be required to collect information on households not in the simplified program; the Secretary may approve alternative accounting periods in making cost determinations; and states may include in the program households with one or more non-TANF members if approved by the Secretary.

Other state administrative options: The agreement allows states a degree of additional administrative flexibility in several areas. States will no longer be governed by detailed rules for application forms and procedures; they may allow verbal fair hearing withdrawals; and they may use the IEVS system (but not the SAVE system) at their option.

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Other administrative simplifications and changes: A set of changes in expedited service rules supported by states was dropped from the Senate bill because of the Byrd rule, but the conferees reinstated two elements of the provision. One extends the expedited service timetable from five to seven days, and the second ends expedited service for homeless households. Expedited service will still have to be provided to households whose shelter costs exceed their income and resources.

An option for states to adjust the caretaker exemption to as low as age one was also dropped in the Senate; a modified version of the option was restored in conference. States may lower the age to three without restriction. A state may lower the age to as low as one only if it had requested a waiver to do so, and had the waiver denied, as of August 1, 1996.

The agreement provides other administrative reforms including: allowing 12 month certification periods (24 months for elderly and disabled households) with one contact per year; requiring that later recertification benefits be prorated (rather than issued as a full month); allowing states to combine the first and second months' allotments for expedited households applying after the 15th; and prohibiting food stamp increases to make up for penalties in other assistance programs.

Retention rates: The conferees retained a Senate amendment by Sen. Larry Pressler (R-S. D.) to revise the percentage of over issuance collections that states may retain. The agreement changes the retention rates to 35% for fraud over issuance collections and 20% for non-fraud collections. The mark-up bills had changed current law (50/25) to 25/25.

Deductions and benefit levels: The agreement caps the excess shelter deduction at current-law levels through December 31, 1996 (\$247 for the 48 contiguous states and D. C.), then allows the cap to rise in increments to \$300 by FY 2001. The cap on the deduction had been scheduled for removal on January 1, 1997, under current law. President Clinton cited the excess shelter cap as one of his specific objections to the conference bill, and indicated he will seek to uncap the deduction through legislation next year.

The conference agreement also freezes the standard deduction at present levels; freezes the homeless shelter allowance at current levels; disallows the earned income deduction for any income not reported timely; and sets maximum food

stamp benefits at 100% of the cost of the Thrifty Food Plan rather than at 103% as under current law.

Child support: Two provisions affecting child support and food stamps are in the bill. States may at their option disqualify individuals during any period the individual has an unpaid liability (arrear) that is under a court child support order; and may disqualify custodial or noncustodial parents who do not cooperate with the child support program.

Quality control: The final bill leaves present QC law intact. Last year the House had proposed to roll back QC law to 1988 language that would have substantially increased states' exposure to sanctions. Present QC law would also apply to the Simplified Food Stamp Program option.

Uncapped reauthorization: The agreement reauthorizes the program in its present uncapped, individual entitlement form through FY 2002.

Effective date: Policy provisions are effective upon enactment, with the exception of some budgetary changes which are effective October 1.

Child Support

The child support section of the welfare reform bill has had relatively few major changes made to it since it was first passed as H.R. 4 in December 1995. The following is a summary of the conference agreements on various provisions in the child support section of the bills in which there were differences between House and Senate bill language, as well as several other changes that were made since the bill passed last year. This summary is based on both the Conference Committee's overview of changes it made and, in some areas, on the final legislative language agreed to by the conference committee. The major points include the following :

- **Child-Support Related Provisions in Title I: Block Grants to States, Prohibitions; Requirements (Sec. 103)** - Title I of the bill deletes and amends current Sec. 402(a) of the Social Security Act, including repealing federal law requiring a disregard of the first \$50 of any child support payments each month for a family receiving cash assistance (Sec. 402(a)(8)(vi)). States may continue to disregard support distributed to the family, but the federal government will no longer share in the cost to government. The effective date has been changed

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from October 1, 1996 to July 1, 1997, or 6 months from the date that the Secretary of HHS receives a state's plan.

Other child-support related provisions in Title I, some of which simply repeat current law repealed under Title I, include the following:

Requirements on noncustodial non supporting minor parents: A sense of

Congress is included urging states to require noncustodial non supporting minor parents under 18 to fulfill community work obligations and attend appropriate parenting or money management classes after school;

Cooperation: If an individual fails to cooperate in establishing paternity or modifying or enforcing a child support order *and does not qualify for good cause or another exception established by the state, the state must deduct a minimum of 25 percent from a family's cash assistance grant* or may deny the entire amount of cash assistance to the family; and

Penalties on states for failure to enforce cooperation: Congress included penalty language requiring the HHS Secretary to reduce the state's IV-A grant for the next fiscal year by up to five percent if states do not enforce child support penalties for non cooperation.

- **Distribution of Child Support Collections (Sec. 302)** - Congress adopted Senate language that adds a provision stipulating that in the case of a family receiving assistance from an Indian tribe, the state must distribute support in accord with any cooperative agreement between the state and the tribe (see Sec. 375 below, Child Support and Indian Tribes).
- **State Centralized Collection and Disbursement (Sec. 312)** - Congress added language recommended by APWA that clarifies that "the state disbursement unit shall not be required to convert and maintain in automated form records of payments kept pursuant to section 466(a)(8)(B)(iii), regarding state laws on income withholding, before the effective date of this section," which is October 1, 1996.

Congress dropped the Sense of Congress offered by Rep. Camp that would have allowed states to choose the method of compliance that "best met the needs of parents, employers, and children" when determining whether to comply with establishing a single, centralized disbursement unit.

The final bill continues to allow states that currently process child support payments through local courts an extra year (until September 30, 1999) to

implement the requirement for a centralized collection and disbursement unit, *Sec. 312(d)(2)*.

- **State and National Directories of New Hires (Sec. 313)** - Congress adopted the House language allowing private sector contractors to share new hire information with agencies working under contract with the child support agency. (This language is also included under Sec. 316 regarding the Federal Parent Locator Service (FPLS).)
- **Income Withholding (Sec. 314)** - Congress adopted Senate language, under the Nickles amendment, to allow employers 7 business days after payday to send withheld pay to the disbursement unit (the language had first required a two-day, then a five-day time frame).
- **Expanded Federal Parent Locator Service (FPLS) (Sec. 316)** - The House receded to the Senate and does not require the Secretary to determine the accuracy of payments under the SSI program.
- **State Laws on Paternity Establishment (Sec. 331)** - The final bill continued to include language clarifying that the Secretary must develop *minimum requirements* for states to use in their paternity acknowledgment affidavits rather than develop an affidavit for all states to use. In conference committee, the Senate receded to the House and deleted language allowing good cause exceptions for acknowledging paternity in hospital at time of birth because this is a voluntary provision.
- **Performance-Based Incentives and Penalties (Sec. 341)** - The date was changed from Nov. 1, 1996 to March 1, 1997 for the HHS Secretary, in consultation with IV-D directors, to develop and submit to the House Ways and Means and the Senate Finance Committees a new revenue-neutral, performance-based incentive system to replace the current IV-D incentive system for funding. APWA requested this date change.

Additionally, the effective date for implementing the new incentive adjustments formula had been October 1, 1997 in the House bill and October 1, 1998 in the Senate bill. The final bill language included the APWA recommendation to extend this date by one more year until October 1, 1999 due to the complexity of the incentive program.

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In the provision addressing the "Calculation of Paternity Establishment Percentage" (for the Audit), the final language allows states to use one of two options to calculate the rate; states may choose to use as the paternity establishment percentage (PEP) either the IV-D PEP or the statewide paternity establishment percentage, *Sec. 341(c) and other subsequent references*.

- **Automated Data Processing Requirements (Sec. 344)** - The final bill contains the extension of the 90% enhanced match for computer systems required under the Family Support Act of 1988, based on the amount approved in the state's advanced planning document (APD) submitted on or before September 30, 1995 (earlier versions included a date of May 1, 1995) and rejected the Senate language that would have required a one-year delay for claiming this federal financial payment.

Additionally, the final bill included another systems-related date change recommended by APWA: the date for implementing new computer systems requirements was changed from October 1, 1999 to October 1, 2000, except that this date will be extended by one day for every day regulations are issued late. The regulations are due two years after the enactment of the Act, or on October 1, 1998.

- **Technical Assistance (Sec. 345)** - Congress adopted the House's effective date of October 1, 1996, as opposed to the Senate's one-year delay, for HHS to use the 1% of the federal share of child support collections to provide technical assistance to states.
- **House Amendment Requiring a 10% Penalty on Arrears (Sec. 4347)** - Congress rejected the House provision that would have required states to assess a yearly 10% penalty on arrears.
- **Simplified Process for Review and Adjustment (Sec. 351)** - Congress adopted the House language incorporating (and going beyond) an APWA recommendation that state reviews of both public assistance and non-public assistance child support cases are optional unless they are requested by the parents.
- **Work Requirements for Parents Owing Past-Due Child Support (Sec. 365)** - The final bill continues to include language clarifying that administrative processes may be used to issue orders to pay past-due support according to a plan or for participating in work activities.

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- **Child Support and Indian Tribes (Sec. 375)** - Congress adopted the McCain amendment allowing states to enter into cooperative agreements with tribes. The Secretary may make direct federal payments to tribes with approved IV-D plans; these payments would not count against a state IV-D agency's federal funding, unlike the 1995 McCain amendment.
- **Grants to States for Access and Visitation Programs (Sec. 381)** - Congress adopted the House's language regarding the date of implementation for this section, rejecting the Senate's one-year delay in enactment. The provision is effective beginning in FY 97.
- **Custodial and Noncustodial Parent's Cooperation with Child Support Agencies (Sec. 822)** - States have the option to require custodial parents to cooperate with establishing paternity and in obtaining support in order to receive food stamp benefits, with a good cause exemption. States also have the option to require noncustodial parents to cooperate with the child support program to establish paternity and provide support for the child as a condition of receiving food stamp benefits, with the Secretary of Agriculture, in consultation with the Secretary of HHS, developing guidelines on what constitutes a refusal to cooperate.
- **Disqualification relating to Child Support Arrears (Sec. 823)** - The final bill allows a state option to disqualify noncustodial parents with arrearages from receiving food stamp benefits during any period the person has unpaid liability. States may not disqualify noncustodial parents from receiving food stamps if a court is allowing the individual to delay payment or if the individual is complying with a court or state IV-D agency payment plan.
- **Effective Dates** - The following is a list of effective dates that have changed since the child support provisions passed Congress in 1995. Many of these changes were made at the request of APWA. They include:
 - (1) Title I Provisions: Title I of the bill replacing current Sec. 402(a) of the Social Security Act, including federal law requiring a disregard of the first \$50 of any child support payments each month for a family receiving cash assistance (Sec. 402(a)(8)(vi)), is effective July 1, 1997, or 6 months from the date that the Secretary of HHS receives a state's plan, *Sec. 103*;

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- (2) National Directory of New Hires: This provision must be implemented by Oct. 1, 1997, the same date as for the state New Hire Directory, instead of by the prior date of Oct. 1, 1996, *Sec. 316*;
 - (3) Use of Forms in Interstate Cases: The Secretary, after consulting with state IV-D directors, must issue forms for states to use for collecting child support through income withholding, imposing liens, and issuing administrative subpoenas by Oct. 1, 1996 instead of by June 1, 1996; states must begin using the forms by March 1, 1997, instead of by the prior date of Oct. 1, 1996, *Sec. 324*;
 - (4) Secretary's Funding Report to Congress: In consultation with IV-D directors, the HHS Secretary must develop a new revenue-neutral, performance-based incentive system to replace the current IV-D incentive system for funding by March 1, 1996, *Sec. 341*;
 - (5) Incentive Adjustments Formula: The effective date for implementing the new incentive adjustments formula is October 1, 1999, *Sec. 341*;
 - (6) Automated Data Processing Requirements: The 90% enhanced match for computer systems required under the Family Support Act of 1988 is available October 1, 1996. The date for implementing new computer systems requirements was changed from October 1, 1999 to October 1, 2000, except that this date will be extended by one day for every day regulations are issued late. The regulations are due two years after the enactment of the Act, or on October 1, 1998. *Sec. 344*;
 - (7) Technical Assistance: Congress adopted the House's effective date of October 1, 1996, as opposed to the Senate's one-year delay, for HHS to use the 1% of the federal share of child support collections to provide technical assistance to states, *Sec. 345*;
 - (8) Reports and Data Collection: The effective date of changes required to reports and data collection for the annual report to Congress is 1997, *Sec. 346*;
 - (9) Denial of Passports: The effective date for implementing the provision regarding denial of passports is Oct. 1, 1997, *Sec. 370*;
 - (10) ERISA: The date for plan amendments for ERISA is Jan. 1, 1997, *Sec. 376*; and
 - (11) Grants for Access and Visitation: The first year in which grants for access and visitation projects are allowed is FY 1997, *Sec. 381*.
- **State Centralized Collection and Disbursement (Sec. 312) and Income Withholding (Sec. 314)** - Changes the word "wages" to "income," adopting the House language.

- It requires that the Secretaries of Labor and HHS work jointly to develop cost-effective and efficient methods of accessing the information in the national and various state directories of new hires, taking into account the impact on states, including costs, and the need to ensure proper and authorized use of wage record information, *Sec. 316(h)*.
- **Reports and Data Collection by the Secretary (Sec. 346)** - Senate receded to the House and adopted the minor differences in wording in House language.
- It adds limiting language to the provision requiring all states to give full faith and credit to liens which arose in another state. The change deletes the prohibition on requiring registration, but provides the new state's procedural rules must be followed, except that the rules may not require judicial notice or hearing prior to enforcement of a lien, *Sec. 368*.

Child Protection

The conference report drops most of the provisions on child protection (including the child protection block grant; child and family services block grant; provisions on removal of barriers to interethnic adoption; adoption tax credit), retaining current law for Titles IV-E, IV-B and the child protection programs included in the child and family services block grant (Child Abuse Prevention and Treatment Act (CAPTA) state grants and discretionary programs; Community-Based Family Resource Program grants; Adoption Opportunities program; the Abandoned Infants Assistance Act; the Temporary Child Care for Children with Disabilities and Crisis Nurseries Act; and the family support centers grants under the McKinney Homeless Assistance Act). The bill does not include the optional block grant for foster care and Independent Living funding included in the Governors' proposal. Note: Provisions on removal of barriers to interethnic adoption and an adoption tax credit will be included in a minimum wage increase/tax measure to be voted on by the House and Senate later this week.

Title IV-E Eligibility: Similar to H.R. 4, states would be required to use the IV-A rules and requirements under its state plan in effect as of **June 1, 1995** to determine eligibility for Title IV-E, even though these IV-A rules would presumably change under the legislation. Many states have expressed concern that maintaining two separate sets of eligibility rules and procedures is burdensome, ineffective, and costly.

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Child Welfare Information Systems: In an important achievement for states, the conference bill extends the deadline for enhanced funding (75 percent FFP) for Statewide Automated Child Welfare Information Systems (SACWIS) for one year, from October 1, 1996 to October 1, 1997. With no changes to current law for child abuse and child protection programs, there are, of course, no changes to data reporting requirements under the Adoption and Foster Care Analysis and Reporting System (AFCARS) and the National Child Abuse and Neglect Data System (NCANDS). H.R. 4 had replaced these data reporting requirements with entirely new requirements.

For Profit Providers: The conference bill amends current law (Section 472(c)(2)) to allow states to use Title IV-E dollars for for-profit providers to care for children in foster care.

Kinship Care: The conference bill may retain the Senate provision (a floor amendment by Senator Dan Coats (R-Ind.)), adding a new element under the Title IV-E Foster Care and Adoption Assistance State Plan as follows: "provides that the State shall consider giving preference to an adult relative over a non-related caregiver when determining a placement for a child, provided that the relative caregiver meets all relevant State child protection standards." the status of this provision is unclear as the conference bill language shows it to be in the legislation and the conference report narrative shows it to be out.

National Random Sample Study of Child Welfare: The conference bill retains the provision of the House bill authorizing the Secretary to conduct a national study based on random samples of children who are at risk of child abuse or neglect, or are determined by states to have been abused or neglected, and such other research as may be necessary. Under the House bill, the study was funded at \$6 million for each of the fiscal years 1996 to 2002.

Social Services Block Grant

The conference agreement makes a 15 percent reduction in Title XX funding from the FY 1995 authorized level of \$2.8 billion. For fiscal year 1996, funding is \$2.381 billion. For fiscal years, 1997 through 2002, funding is \$2.38 billion. For fiscal year, 2003 and thereafter, funding reverts to \$2.8 billion. It clarifies that Title XX funding can be used for vouchers for families ineligible for or denied cash assistance under Title IV-A.

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Immigrant Provisions

SSI and Food Stamp Bar

Legal non-citizens are barred from SSI and Food Stamps until citizenship.

Exceptions:

-- refugees, asylees, or those granted withholding of deportation for first 5 years in U.S.

-- lawful permanent resident with 40 qualifying quarters of work without receipt of federal means-tested public benefit (minor children or spouse can be credited with qualifying quarters)

-- veterans, active duty, spouses and dependents

-- Current SSI recipients subject to redetermination of eligibility in the year following enactment; current food stamp recipients must be recertified within one year.

5-year Bar on Federal Means-Tested Programs

Newly-arriving legal immigrants who are qualified aliens are barred from federal means-tested public benefits for 5 years.

Exceptions:

-- refugees, asylees, or those granted withholding of deportation for their first 5 years in U.S.

-- veterans, active duty, spouses and dependents

State and Local Government

States are authorized to determine the eligibility of "qualified" aliens for TANF, Social Services Block Grant; and Medicaid.

Exceptions:

-- "Qualified aliens shall be eligible"

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Susan Golonka, NGA (202) 624-5967

Sheri Steisel, NCSL (202) 624-8693

Draft analysis prepared August 1, 1996

- Refugees, asylees, alien whose deportation has been withheld are eligible for first 5 years.
- Lawful permanent residence with 40 qualifying quarters of work (spouses/minor children can be credited)
- Veterans, active duty military, spouses and dependents.

The effective date for current recipients is January 1, 1997.

State authority to limit eligibility of qualified aliens: States may determine eligibility for state public benefits of qualified aliens, non immigrants, or parolees during their first year in the U.S. Except these aliens shall be eligible: refugees, asylees, and alien whose deportation withheld for 5 years after entry; lawful immigrants who have worked 40 qualifying quarters and did not receive federal means-tested public benefits; veterans, active duty and their spouses and dependents; transition for current recipients until January 1, 1997.

Ineligible immigrants: Aliens who are not a qualified alien; a non immigrant; or a parolee for less than 1 year; are not eligible for state or local public benefit.

States may provide public benefit to illegal immigrants only through enacting state law after this bill is enacted.

Programs Restricted by Deeming

(Note: deeming means sponsor's income and resources are considered, or "deemed", available to immigrant when determining program eligibility.)

To determine the eligibility and amount of benefits for ANY federal means-tested public benefits program, income and resources of the alien shall include the income and resources of any person (and his/her spouse) who executed an affidavit of support. Deeming applies until citizenship or 40 qualifying quarters of work with no receipt of federal means-tested public assistance.

Effective date for programs that deem is the date of enactment; for programs that do not currently deem the effective date is 180 days after enactment.

State option to deem (except for emergency health, disaster, school lunch/child nutrition; immunizations and testing/treatment of symptoms of communicable diseases; foster care/adoption assistance; Attorney General. discretion programs (soup kitchens)

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Affidavits of Support are made legally enforceable against the sponsor by the sponsored alien, the federal government, and by any state or locality which provides means-tested programs up to 10 years after receipt of benefit. Affidavits of support are enforceable until citizenship. (Reimbursement may not be sought for the 11 excepted programs to federal means-tested benefits defined below.)

Sponsors must notify the Attorney General and the state where the sponsored alien resides of any change of address of the sponsor. (Sponsor must be a citizen or national or lawful permanent resident; 18 years or over; resident of the 50 states or D.C.; and be the petitioner for admission of the immigrant.

Effective date: The Attorney General has 90 days to create a new form; effective 60-90 days thereafter.

Illegal Immigrants

Illegal immigrants are barred from federal public benefits: A) grants, contracts, loans, licenses; B) retirement, welfare, health, disability, public or assisted housing, post secondary education, food assistance, unemployment benefit provided to an individual, household, or family by the U.S. or by appropriated funds of the U.S.

Exceptions:

- emergency medical assistance under Medicaid (if alien meets the eligibility requirements under the state plan);
- short-term, non-cash, in-kind emergency disaster relief; public health for immunizations and for testing and treatment of symptoms of communicable diseases;
- programs identified by the Attorney General which deliver in-kind services at the community level, do not condition assistance on the individuals' income or resources; and are necessary for the protection of life or safety (such as soup kitchens);
- housing or community development assistance for current recipients.

Reporting under Title IV of Social Security Act: Requires states to report quarterly to the INS the names and address of individuals the state knows is unlawfully in the U.S. SSI Commissioner and housing Secretary must report quarterly to INS.

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Draft analysis prepared August 1, 1996

The Attorney General with the Secretary of HHS must issue regulations within 180 days requiring verification that alien applying for public benefits is a qualified alien and eligible for such benefit. States administering federal public benefits must comply with the verification system within 24 months. Authorizes "such sums as may be necessary: to carry out this section.

No state or local government entity may be prohibited or restricted from communicating information to the INS about the immigration status of an alien in the U.S.

Definitions: Federal means-tested public benefit programs: Cash, medical, housing, food assistance, and social services of the federal government in which eligibility of individual, household, or family eligibility is based on income, resources, or financial need.

Exceptions:

- emergency medical assistance;
- short-term, non-cash, in-kind emergency disaster relief;
- National School Lunch;
- Child Nutrition;
- public health assistance for immunizations and testing and treatment of symptoms of communicable diseases;
- foster care and adoption assistance (unless parent is qualified alien subject to 5-year bar);
- programs specified by the Attorney General (in-kind, etc.);
- higher education;
- means-tested programs under ESEA;
- Head start;
- JTPA
- State or local means-tested programs: any grant, contract, loan, professional license; any retirement, welfare, health, disability, public or assisted housing, post secondary education, food assistance, unemployment benefit, or similar benefit provided to an individual, household, or family.

A "qualified alien is defined as a lawful permanent residents, refugees, asylees, parolees after 1 year; those whose deportation is withheld.

The DPC is prepared to set up the following structure for implementation; it should be noted that implementation includes not only a process to enact the law but also to put together the legislative package of corrective actions:

TODAY:

I will send a memo to the heads of the following departments in the White House to set up a coordinating body internal to the White House to be chaired by DPC:

(*) Intergovernmental
Legislative Affairs
Public Liaison
General Counsel
Cabinet Affairs

OMB

~~NEC~~

~~CEA~~

COS office

VPOTUS office

First Lady's office

I will send a memo to the following Secretaries/ Department heads to form an administration coordinating body to be chaired by DPC:

HHS

USDA

Justice

Treasury

Labor

HUD

Education

SSA

Commerce (if they so choose; Ron Brown always maintained an active presence on the welfare reform working groups because of personal interest...we will offer Mickey Kantor the opportunity to decide if he wishes to participate)

THIS WEEK:

Hold a meeting of the WH/Admin. Coordinating Body

AUGUST 13

New deadline for memo to be sent to POTUS and signed off by the coordinating body.

BI-WEEKLY until further notice:

WH/ADMIN coordinating body

SEPT. 9 or 10:

WH/Admin. coordinating body meets with group from NGA/NCSL/APWA

BI-WEEKLY on weeks WH/Admin. coordinating body does not meet:

Meeting of WH/Admin. coordinating body with NGA/NCSL/APWA group

Bruce
Eco angle

Communications

Women's Office

SBA

MEMORANDUM TO DOMESTIC POLICY COUNCIL STAFF

FROM: Jeremy

SUBJECT: Latest on Welfare Reform

Attached please find the latest talking points and information on the Welfare Reform Bill for DPC staff use. Thanks.

ENDING WELFARE AS WE KNOW IT

August 2, 1996

"I will sign this bill. First and foremost because the current system is broken. Second, because Congress has made many of the changes I sought. And, third, because even though serious problems remain in the non-welfare reform provisions of the bill, this is the best chance we will have for a long, long time to complete the work of ending welfare as we know it by moving people from welfare to work, demanding responsibility and doing better by children."

- President Clinton, July 31, 1996

- * **A broken system.** President Clinton will sign the current welfare bill because the existing welfare system undermines the basic values of work, responsibility and family, trapping generation after generation in dependency and hurting the very people it was designed to help.
- * **A last, best chance to move people from welfare to work.** President Clinton believes that passage and enactment of this bill is the last best chance to make welfare what it was meant to be -- a second chance, not a way of life. The bill presents an historic opportunity to finish the work of ending welfare as we know it.
- * **The President saved the Medicaid guarantee once and for all.** Congressional Republicans tried to use welfare reform to take health care away from the poor, the elderly, and the disabled, but President Clinton said no. He also fought successfully to ensure that women on welfare continue to receive health coverage for their families, including transitional Medicaid when they leave welfare for work.
- * **A much improved bill.** Because of President Clinton's earlier vetoes, objections and improvements, Congress is sending him a significantly better welfare reform bill. We have come a long way in this debate, and stopped extremists in Congress who wanted to ban help for poor, young, unmarried mothers and cut low-income programs and the Earned Income Tax Credit by \$110 billion.
- * The new bill is **strong on work**, giving states performance incentives for placing people in jobs, guaranteeing health care, providing over \$4 billion more for child care, and maintaining health and safety standards for child care -- so that women on welfare get the help they need to support their children.
- * The bill is also **better for children.** Unlike the vetoed bill, it keeps the national nutritional safety net intact by eliminating the food stamp cap and the optional block grant, and dropping the deep cuts in school lunch, child welfare and help for children with disabilities.
- * Thanks to the insistence of President Clinton and Democrats in Congress, the bill includes **the most sweeping child support enforcement measures in history.** The bill says to parents who fail to pay child support: we will garnish your wages, take away your license, track you across state lines, and if necessary, make you work off what you owe.

- * **Requiring work, and helping people succeed at work and at home.** President Clinton has always believed that the best anti-poverty program is a job. This bill will not only move people from welfare to work, it will help them make it in the workplace by providing the health care and child care they need to succeed at work and at home. With this bill, President Clinton also **preserved the Earned Income Tax Credit**, which rewards the hard work of 15 million hard-pressed working families and which Congress had tried to gut.
- * **The nation's basic safety net remains strong.** By standing firm throughout this debate, President Clinton has saved and strengthened the nation's basic safety net, which helps millions of vulnerable women and children. In addition to stopping the Medicaid block grant, he stopped Republican efforts to block grant Food Stamps, SSI for disabled children, child protection and foster care, and the school lunch program. This bill preserves those safety net programs, which work, and fundamentally reforms the welfare system, which does not.
- * **Parts of the bill still need to be fixed.** President Clinton has pledged to fix some non-welfare provisions of the bill which he believes go too far:
 - * Congress insisted on a cut that would repeal the Excess Shelter Reduction, which helps some of our hardest-pressed working families. This provision is a mistake, and the President will work to correct it.
 - * Congress insisted on a provision that will hurt legal immigrants who work hard for their families, pay taxes and serve in our military. Immigrant children and disabled immigrants who fall on hard times through no fault of their own should get medical and other help when they need it.
- * **A record of accomplishment.** Over the past three and one-half years, President Clinton has done everything in his power as President to promote work and responsibility, working with 41 states to give them 69 welfare reform experiments. The Administration has also required teen mothers to stay in school, required federal employees to pay their child support, and cracked down on parents who owe child support and crossed state lines. *As a result, child support collections are up 40 percent, to \$11 billion, and there are 1.3 million fewer people on welfare today than there were when President Clinton took office.*

SUMMARY OF WELFARE REFORM BILL

AFDC, WORK & CHILD CARE

Medicaid Guarantee	Assures that all categories of people now eligible for Medicaid will be eligible for health care in the future and that there will be no loss of coverage, regardless of state welfare changes. At President's insistence, Republicans restored the Medicaid guarantee for welfare recipients and abandoned efforts to block grant Medicaid.
Child Care	Increases child care spending by \$4.5 billion above current law -- \$4 billion more than the bill the President vetoed. Preserves federal child care health and safety standards, which would have been repealed under the vetoed bill.
Work	Provides \$1 billion performance bonus to reward states for placing welfare recipients in jobs. Requires 50% of adults on welfare to be working by the year 2002.
State Funding	Requires states to continue their investment in welfare reform by maintaining 80% of their current spending.
Time Limits	Imposes five-year lifetime limit on welfare, but allows states to exempt 20% of caseload from the limit.
Vouchers	Allows states to use federal Social Services Block Grant funds to provide vouchers for children whose parents reach the time limit.
Contingency Fund	Creates a \$2 billion Contingency Fund for states experiencing economic downturn and growing number of children in need.
Family Cap	Allows states to decide for themselves whether to deny assistance to children born to a family on welfare. Under the vetoed bill, states would have had to vote to exempt themselves from a mandatory family cap nationwide.

FOOD STAMPS & CHILD NUTRITION

Food Stamp Program	Maintains national nutritional safety net. Does not allow states to block grant Food Stamps and does not impose a national cap on Food Stamp spending.
	Caps the excess shelter deduction, which was set to expire next year, at near its current level until FY2001. The President wants Congress to fix this provision because over time it will hurt working families.
	Limits food stamp eligibility for childless 18- to 50-year-olds to 3 months every 3 years, with a 3-month extension for laid-off workers.
School Lunch Program	Maintains the current national school lunch program. Drops the school lunch block grant that was in the vetoed bill.

LEGAL IMMIGRANTS

Bans	Over the Administration's objections, imposes 5-year ban on SSI, AFDC and Food Stamps for most legal immigrants, with some exceptions.
Medicaid	Over the Administration's objections, prohibits future immigrants from receiving Medicaid for 5 years. Drops the retroactive ban on current Medicaid recipients, which was included in the House bill.
	The President has said that immigrant children and the disabled should be able to get medical care and the help they need, and is determined to get Congress to fix these provisions.

OTHER PROGRAMS FOR CHILDREN

Child Welfare	Retains current law child protection entitlement programs and services. Drops the child welfare block grant that had been included in the vetoed bill.
Disabled Children	Provides full SSI benefits for children who will receive SSI under stricter eligibility rules. Drops the two-tiered eligibility system in the vetoed bill that would have cut benefits by 25% for more than half of the disabled children coming on the rolls.

KEY IMPROVEMENTS IN CONFERENCE REPORT OVER VETOED BILL

CLINTON PRIORITY	VETOED BILL	CONFERENCE BILL
Guaranteed Medicaid	NO	YES
More Child Care \$	NO	YES (+\$4 billion)
Work Performance Bonus \$	NO	YES (+\$1 billion)
80% Maintenance of Effort	NO	YES
Child Care Health/Safety Standards	NO	YES
20% Hardship Exemption	NO	YES
\$2 Billion Contingency Fund	NO	YES
Limits on Transferability	NO	YES
Option for Vouchers	YES	YES
Food Stamp Block Grant	YES	NO
Child Welfare Block Grant	YES	NO
School Lunch Block Grant Demo	YES	NO
25% Cut in SSI for Disabled Kids	YES	NO
Food Stamp Cap	YES	NO



DEMOCRATIC GOVERNORS' ASSOCIATION

July 31, 1996

The Honorable Bill Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of Democratic Governors, we would like to commend you for your leadership on reform of our nation's welfare system and applaud your decision to sign the conference agreement before Congress.

The final agreement, although not perfect, represents a significant improvement over the bill vetoed last year and meets our shared goals for a reformed system. The bill is strong on work, time limits assistance and provides adequate protections for children.

A number of critical provisions, championed by you and Democratic Governors, have been included in the final agreement. These include adequate resources for child care, significant reform of the child support enforcement system, an economic contingency fund, an assurance of health care coverage for low-income families and the flexibility for states to provide assistance to children after the five-year time limit.

This bill does represent a real step forward. It is a victory for all who believe welfare must provide a second chance, but not a way of life. This bill will complement what Democratic Governors are doing in many of our states under waivers, and allow others to take the same initiative.

We continue to share your concerns on the level of cuts in the food stamp program and the restrictions on benefits for legal aliens, and we hope to work with you to revisit these issues.

You have kept your promise to the American people. Thank you for your leadership and congratulations for your successful work in improving and moving this welfare bill forward.

Sincerely,

Gaston Caperton
Governor of West Virginia
DGA Chair

Howard Dean, M.D.
Governor of Vermont
DGA Vice Chair

Governor Gaston Caperton
West Virginia
Chair

Governor Howard Dean
Vermont
Vice Chair

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Katherine Whelan
Executive Director



NATIONAL CONFERENCE OF STATE LEGISLATURES

444 NORTH CAPITOL STREET, N.W. SUITE 515 WASHINGTON, D.C. 20001
202-624-5400 FAX: 202-737-1069

July 31, 1996

The Honorable Newt Gingrich
Speaker of the House
H-230 Capitol Building
Washington, D.C. 20515

JAMES J. LACK
STATE SENATOR
NEW YORK
PRESIDENT, NCSL

ALFRED W. SPEER
CLERK OF THE HOUSE
LOUISIANA
STAFF CHAIR, NCSL

WILLIAM POUND
EXECUTIVE DIRECTOR

Dear Speaker Gingrich:

The National Conference of State Legislatures (NCSL) has long sought federal legislation reforming our welfare system and now urges your support for the conference agreement on H.R. 3734. This legislation builds on the numerous state legislative welfare reform efforts of the past decade and on federal waivers granted in recent years.

We particularly are pleased with the creation of block grants for cash assistance and child care and the programmatic and administrative flexibility they may bring. The inclusion of increased child care funding, establishment of a contingency fund, preservation of child welfare entitlements and preservation of state legislative authority over block grant funds are notable achievements and represent key provisions recommended and sought by NCSL. We are further gratified with the inclusion of several policy options, such as the state option to provide Medicaid to legal immigrants and refugees, recognition of the need for adequate transition time, restructuring of child support collection systems and initiatives as well as an exemption for states from electronic benefit transfer liabilities.

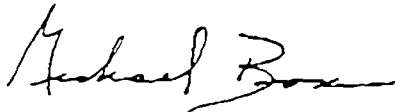
We remain particularly concerned about work participation requirements and a related array of policy mandates and sanctions. These will be troublesome. The flexibility needed in the work participation area is missing. Furthermore, the Congressional Budget Office has repeatedly warned of the multi-billion dollar shortfall in federal funding for work efforts. We recommend that Congress and the Administration collaborate with state legislators and others to review and evaluate work requirements, state experiences with these requirements, funding needs and worker placement and job retention accomplishments commencing with the 105th Congress.

The Honorable Newt Gingrich
Speaker of the House
July 31, 1996
page 2

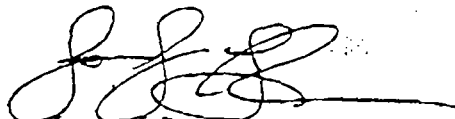
We continue to question policy changes in H.R. 3734 regarding income security accessibility for legal immigrants and refugees. We remain convinced that H.R. 3734 will produce unfunded mandates and cost shifts to state and local governments of unacceptable proportions. We strongly recommend that Congress and the Administration immediately begin an analysis and review of state experiences regarding income security program availability for legal immigrant populations, particularly children, the elderly and the disabled. Those provisions of H.R. 3734 regarding legal immigrants should be tested against the intent and objectives of S. 1, the Unfunded Mandate Reform Act of 1995, and Executive Order 12875. This recommended review and analysis should involve state legislators and other officials.

H.R. 3734 represents a number of policy compromises. It also offers states new opportunities to manage a welfare system most Americans agree needs restructuring and redirection. Despite some of its aforementioned shortcomings, we encourage your support for H.R. 3734 and urge you to work with state legislators to ensure its success.

Sincerely,



Michael E. Box
Majority Chairman, Alabama House
President, NCSL



James J. Lack
State Senator, New York
Immediate Past President, NCSL



STATE OF FLORIDA

Office of the Governor

THE CAPITOL

TALLAHASSEE, FLORIDA 32399-0011

LAWTON CHILES
GOVERNOR

FOR IMMEDIATE RELEASE:
July 31, 1996

CONTACT: April Herrle or
Karen Pankowski
(904) 488-5394

Statement by:
GOVERNOR LAWTON CHILES
Regarding Welfare Reform

"President Clinton's decision today to sign the compromise welfare reform measure is an extremely important event in our nation's history. The President's commitment to 'change welfare as we know it' combined with his determination to protect our neediest citizens -- the poor, our children and elders -- will ensure that, in the future, welfare will provide a hand up for people in need -- not a handout.

"I believe the President has made a constructive decision to sign this welfare reform measure. Unlike previous versions passed by this Congress, this welfare reform measure guarantees substantially more protections -- with expanded provisions for child care, extended protections for potential economic downturns and continued safeguards for child nutrition and health care programs.

"We are particularly pleased in Florida that we can move ahead with our landmark, bi-partisan welfare reform efforts which I recently signed into law. Florida has been a national leader in welfare reform with demonstration programs running in several counties. Now, with the federal reforms in place, our state will be able to quickly implement our new WAGES welfare reform program statewide.

"While I am pleased by the President's decision to sign this bill, I remain deeply concerned about restrictions on legal immigrant children and families from receiving federal assistance programs. However, I am pleased that Congressman Clay Shaw and others have worked diligently to allow Florida to continue to receive its fair share of federal refugee assistance. This provision will go far to minimize the additional fiscal burden imposed on Florida."

###

John O. Norquist
Mayor

Milwaukee
150
1846 1996

**Statement from Mayor John Norquist
July 31, 1996**

For more information contact Jeff Fleming, 286-8531

I congratulate President Clinton for the significant step he took today to end welfare.

I agree with the President when he says, "the best anti-poverty program...is a job." Today's actions move us closer to a true, work based alternative to our failed welfare system.

There is room for improvement, especially in putting people to work in real jobs that pay real wages, instead of make-work jobs to earn grants. The work required of program participants ought to be real jobs paying minimum wage.

The President and I have had a number of discussions regarding the elimination of welfare, and I appreciate his thoughtful attention to my concerns and to the people of Milwaukee.

Office of the Mayor
City Hall
100 East Wells Street
Milwaukee,
Wisconsin
53202
(414) 286-2200

While the welfare reform bill has a target date of July 1, 1997 as the effective date for the AFDC grants, the states may in fact opt to begin implementing the block grant immediately upon submission of their state plans. Based on calls I made and received this weekend it is clear a number of states are already in the final stages of preparing their plans to submit. Some states know they will have to enact legislative changes and some are already preparing to call special sessions this fall. The reason for the speed is the fact states want to start effecting the savings sooner rather than later as well as the fact many states have been doing a number of these things through waivers and it won't be that difficult they feel to make the switch.

NGA, NCSL and APWA as the three primary organizations of state players have already distributed a summary of the bill to the governors, legislators and state welfare commissioners. A conference will be held by these three groups on September 9-10 in DC. I have been asked to meet with reps from these three groups during that period and to set up a coordinating mechanism for the administration and these three groups; I have agreed with the three groups to do this.

In the meeting today you need to make very clear the implementation process (including a corrective action legislative package) will be coordinated through the White House with regular meetings and chaired by DPC. The following schedule outline is one you can go over or ask me to summarize stating there will be a memo going out today to involved parties within the Administration.

CRasco

EXECUTIVE OFFICE OF THE PRESIDENT

10-Oct-1996 07:03pm

TO: (See Below)

FROM: Kenneth S. Apfel

SUBJECT: Definition of Means Tested Benefits

Message Creation Date was at 10-OCT-1996 19:03:00

Below is my staff's draft of a summary of this issue.

DEFINITION OF MEANS-TESTED BENEFIT PROGRAM IN WELFARE REFORM

The Personal Opportunity and Work Responsibility Reconciliation Act of 1996 bans all new immigrants from receiving Federal means-tested public benefits for the first five years they are in the country. After the five year ban, Federal means-tested benefit program are required to deem the income of sponsors for new immigrants. Earlier versions of the bill defined Federal means-tested benefits, however, the definition was deleted on the Senate floor prior to Conference due to the Byrd rule. This memo addresses the key issue in implementing a definition -- whether to include discretionary programs.

The Department of Health and Human Services and a number of advocacy groups (see attachment 1) argue that the definition should be limited to mandatory programs as defined under the BEA. HHS points to the fact that the definition was deleted due to the Byrd rule, which prohibits provisions that don't have an effect on direct spending in a reconciliation bill. The definition that was deleted was expansive, it defined a means-tested benefit as:

&a public benefit (including cash, medical, housing, and food assistance and social services) of the Federal Government in which the eligibility of an individual, household, or family eligibility unit for benefits, or the amount of such benefits, or both are determined on the basis of income, resources, or financial need of the individual, household, or unit. 8

The Conference Report repeats this definition and states &it is the intent of conferees that this definition is presumed to be in place for purposes of this title. 8

At our request, Department of Justice Office of Legal Counsel and Elena Kagen in White House General Counsel have reviewed the legislative history. They have concluded that a definition that is limited to mandatory programs would not be outside the legal parameters. The General Counsels of affected agencies have indicated that they would accept a definition limited to mandatory programs. Attachment 2 is a summary of the largest legal arguments for including or excluding discretionary programs from the definition.

While we are continuing to survey OMB branches, a definition that is limited to mandatory programs would affect very few programs. The key mandatory means tested programs (Food Stamps, SSI, Medicaid, TANF, SSBG) are addressed in another section of the Act and some other important mandatory programs (foster care, adoption assistance, benefits to almost all veterans, higher education

assistance) are exempted by the Act.

ATTACHMENT: LEGAL ISSUES REGARDING DEFINITION
OF FEDERAL MEANS-TESTED BENEFITS
IN IMMIGRANTS TITLE OF WELFARE REFORM ACT

Arguments for the Exclusion of Discretionary Programs

The Senate signaled its intent to limit the provision to discretionary programs by deleting a broad definition that would have included mandatory and discretionary programs.

This interpretation is supported by a colloquy by Senator Chaffee in which he indicated that the Byrd Rule exclusion was appropriate because the definition extended to discretionary programs and therefore should be excluded from the bill because, to the extent that it did, there was no scorable cost effect.

While the statute includes exemptions for discretionary programs, these exemptions predate the Byrd rule action.

No legal precedents can be found to indicate that the Byrd rule action cannot be used to determine Congressional intent.

Arguments Against the Exclusion of Discretionary Programs

The plain language of the law suggests a broad reading of the term Federal means-tested benefits. Nothing in the language suggests that discretionary programs be excluded.

The statute lists specific programs exempted from the ban, including discretionary programs. This suggests that Congress intended for non-exempted discretionary programs to be included in the ban.

The Conference report states that the conferees intend that the definition deleted by the Byrd rule be &presumed to be in place for the purposes of this title. 8 There was no objection to the statement during final deliberations on the bill in the House and the Senate.

An exhaustive review of federal statutory, regulatory and judicial contexts yielded few uses of the term; however, the citations found suggested a broad definition which includes mandatory and discretionary programs.

The Byrd Rule deletion of the definition occurred under procedural grounds. A search of judicial cases failed to identify any precedents where a court determined Congressional intent based on application of the Byrd Rule.

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Elizabeth

from
JBA

THE WHITE HOUSE
WASHINGTON

To DPC staff

HHS summary of
welfare bill

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

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

Title I: Block Grants for Temporary Assistance for Needy Families

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

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

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

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

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

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

Title II: Supplemental Security Income

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

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

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

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

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

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

Title III: Child Support

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

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

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

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

Provides grants to states for access and visitation programs.

Title IV: Restricting Welfare and Public Benefits for Aliens

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

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

- **Exemptions (from 5-year ban on future immigrants and deeming):**

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

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

Title V: Child Protection

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

Title VI: Child Care

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

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

Title VII: Child Nutrition Programs

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

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

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

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

Title VIII: Food Stamps and Commodity Distribution

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

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

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

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

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

Title IX: Miscellaneous

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

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

Elizabeth

William Raspberry

Worse Than Welfare As We Know It?

August 8, 1996

WASH POST 8/8/96
Is it permitted to utter a hopeful word about the welfare reform bill that President Clinton has reluctantly agreed to sign?

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

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

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

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

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

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

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

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

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

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

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

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

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

The Washington Post

from JBA

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

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

William Raspberry

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The Washington Post

August 9, 1996

NY Times
8/9/96

The Revival of Liberalism

By Mickey Kaus

LOS ANGELES

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

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

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

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

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

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

on how the money is spent.

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

• The bill will probably result in spending more money, not less, on poor families. The bill saves some \$55 billion over six years, mainly in food stamp reductions and cuts in aid to legal immigrants. But the basic welfare and child-care grants in the bill include at least \$3 billion more over this period than the A.F.D.C. program they replace. Liberals charge this isn't enough extra money to provide child care and public jobs for poor single mothers who can't find private-sector work. Conservatives respond that once welfare is no longer a free ride, so many people will leave the rolls that the savings can be used to pay for the jobs.

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

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

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

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

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

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

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

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

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

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

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

The welfare bill
spells the end of
Gingrichism.

The New York Times

ENDING WELFARE AS WE KNOW IT

August 2, 1996

"I will sign this bill. First and foremost because the current system is broken. Second, because Congress has made many of the changes I sought. And, third, because even though serious problems remain in the non-welfare reform provisions of the bill, this is the best chance we will have for a long, long time to complete the work of ending welfare as we know it by moving people from welfare to work, demanding responsibility and doing better by children."

- President Clinton, July 31, 1996

- * **A broken system.** President Clinton will sign the current welfare bill because the existing welfare system undermines the basic values of work, responsibility and family, trapping generation after generation in dependency and hurting the very people it was designed to help.
- * **A last, best chance to move people from welfare to work.** President Clinton believes that passage and enactment of this bill is the last best chance to make welfare what it was meant to be -- a second chance, not a way of life. The bill presents an historic opportunity to finish the work of ending welfare as we know it.
- * **The President saved the Medicaid guarantee once and for all.** Congressional Republicans tried to use welfare reform to take health care away from the poor, the elderly, and the disabled, but President Clinton said no. He also fought successfully to ensure that women on welfare continue to receive health coverage for their families, including transitional Medicaid when they leave welfare for work.
- * **A much improved bill.** Because of President Clinton's earlier vetoes, objections and improvements, Congress is sending him a significantly better welfare reform bill. We have come a long way in this debate, and stopped extremists in Congress who wanted to ban help for poor, young, unmarried mothers and cut low-income programs and the Earned Income Tax Credit by \$110 billion.
- * The new bill is **strong on work**, giving states performance incentives for placing people in jobs, guaranteeing health care, providing over \$4 billion more for child care, and maintaining health and safety standards for child care -- so that women on welfare get the help they need to support their children.
- * The bill is also **better for children**. Unlike the vetoed bill, it keeps the national nutritional safety net intact by eliminating the food stamp cap and the optional block grant, and dropping the deep cuts in school lunch, child welfare and help for children with disabilities.
- * Thanks to the insistence of President Clinton and Democrats in Congress, the bill includes **the most sweeping child support enforcement measures in history**. The bill says to parents who fail to pay child support: we will garnish your wages, take away your license, track you across state lines, and if necessary, make you work off what you owe.

- * **Requiring work, and helping people succeed at work and at home.** President Clinton has always believed that the best anti-poverty program is a job. This bill will not only move people from welfare to work, it will help them make it in the workplace by providing the health care and child care they need to succeed at work and at home. With this bill, President Clinton also **preserved the Earned Income Tax Credit**, which rewards the hard work of 15 million hard-pressed working families and which Congress had tried to gut.
- * **The nation's basic safety net remains strong.** By standing firm throughout this debate, President Clinton has saved and strengthened the nation's basic safety net, which helps millions of vulnerable women and children. In addition to stopping the Medicaid block grant, he stopped Republican efforts to block grant Food Stamps, SSI for disabled children, child protection and foster care, and the school lunch program. This bill preserves those safety net programs, which work, and fundamentally reforms the welfare system, which does not.
- * **Parts of the bill still need to be fixed.** President Clinton has pledged to fix some non-welfare provisions of the bill which he believes go too far:
 - * Congress insisted on a cut that would repeal the Excess Shelter Reduction, which helps some of our hardest-pressed working families. This provision is a mistake, and the President will work to correct it.
 - * Congress insisted on a provision that will hurt legal immigrants who work hard for their families, pay taxes and serve in our military. Immigrant children and disabled immigrants who fall on hard times through no fault of their own should get medical and other help when they need it.
- * **A record of accomplishment.** Over the past three and one-half years, President Clinton has done everything in his power as President to promote work and responsibility, working with 41 states to give them 69 welfare reform experiments. The Administration has also required teen mothers to stay in school, required federal employees to pay their child support, and cracked down on parents who owe child support and crossed state lines. *As a result, child support collections are up 40 percent, to \$11 billion, and there are 1.3 million fewer people on welfare today than there were when President Clinton took office.*