Welfare—Bradley/Poverty

CHILD POVERTY: A COMPARISON
SENATOR BRADLEY VS. VP AL GORE

"Big Ideas" Turn Out to be Gore's Ideas

Senator Bradley's promise of "big ideas" on poverty has turned out to be Al Gore's ideas that Gore has already endorsed, implemented, or enacted. Moreover, Bradley claims his plan would cost almost $10 billion a year and would be funded entirely from the budget surplus. Bradley's surplus, however, is gone – every dollar spent on one proposal that doesn't even protect Medicare.

Administration Record on Child Poverty

From 1993 to 1998, the poverty rate for **all children is down 16.7%** and is the lowest since 1980. This is the largest 5-year drop in thirty years and the largest one-year drop in twenty.

BRADLEY PROPOSAL	Al GORE'S RECORD AND AGENDA
Increasing the minimum wage	**Gore has already called for increase in the minimum wage.** Gore has called on Congress to pass a $1 an hour increase to the minimum wage last year, but the Republican-led Senate defeated the measure. He is continuing to pressure Congress to pass minimum wage increase for working families this year. Since his election to the Congress more than 20 years ago, Al Gore has supported increasing the minimum wage. He supported increases in 1977, 1988 and 1989, and as Vice President, Gore fought hard for the 1996 increase in the minimum wage that has helped more than 10 million Americans. [CQ House Vote 622, 10/20/77; CQ Senate Vote 68, 5/17/89; CQ Senate Vote 292, 11/8/89; CQ Vote 278, 9/22/98; Federal News Service, 4/25/96, Austin American-Statesman, 6/27/98, AP, 3/27/99, New York Post, 3/21/99]
Expanding the EITC Welfare – Bradley / Poverty	**Gore has already proposed expanding the EITC.** Al Gore is proposing to increase the amount of income a married couple can earn and still receive the full Earned Income Tax Credit. Under his proposal, families would be able to earn more before they begin to lose their EITC; married couples with incomes up to about $29,000 would see an EITC increase of approximately $500. By eliminating the marriage penalty on those who can least afford to pay it, this proposal would play a substantial part in extending the full benefits of the EITC to working families.

	Gore cast the deciding vote in favor of tax relief for working families and to help children out of poverty. Gore cast the deciding vote in favor of the Administration's 1993 budget, which included tax relief for 16.5 million working families through the expansion of the Earned Income Tax Credit. In 1997, the EITC lifted 4.3 million people out of poverty, more than half of whom were children under the age of 18. [Good News for Low Income Families: Expansions in the EITC and Minimum Wage, CEA, 12/98]
Ensuring child support goes directly to children	**Gore has already proposed helping parents receive child support and cracking down on deadbeat parents.** Al Gore recognizes that fathers of children on welfare have little incentive to provide child support because what they pay into the system goes to the Federal and State governments and not their kids. That is why he has supported increasing the amount of child support so that is "passed through" to directly to kids. But Al Gore believes we must do more to build on our strong record in collecting child support. That is why he will challenge credit card companies to deny new credit cards or additional lines of credit to parents who owe child support; encourage more fathers to acknowledge paternity by giving fund to assure day care providers, Head Start centers, schools, health clinics, and food stamp offices, offer voluntary paternity establishment services to families; and streamlining child support orders to help children get the child support they need and deserve more quickly. **Gore has already proposed requiring parents who owe child support to pay or go to work.** Gore is also offering a bold new proposal to require all fathers who owe child support to pay or go to work. This proposal would require work from fathers who owe child support and help unemployed fathers get and keep jobs so they can pay child support.
Expanding the Dependent Care Tax Credit	**Gore has already supported increasing the Dependent Care Tax Credit**. Gore supports increasing the Dependent Care Tax Credit for families earning under $60,000, providing an additional average tax cut of $354 for these families and eliminating income tax liability for nearly all families with incomes below 200 percent of poverty ($35,000 for a family of four) that claim the maximum allowable child care expenses
Expanding childcare subsidies	**Gore has already proposed the largest investment in childcare in our nation's history.** Gore has already proposed an investment of nearly $20 billion over five years for grants, tax credits for low-income families and stay-at-home moms working to assure quality child care. This would be the largest investment in childcare in our nation's history. Moreover, as a part of our landmark 1996 welfare reform legislation, we enacted a significant investment in childcare - $4 billion over six years. But we

	can do more. [Administration for Children and Families Fact Sheet, HHS, 11/12/98; Gannett News Service, 2/11/98]
Increasing food stamps	**Gore already supports bolstering community efforts to address hunger.** Al Gore believes that we must strengthen partnerships between local, state and national organizations, and faith-based groups to fight hunger. Al Gore supports new efforts in this area, including Community Food Project Grants, that help communities build their own food systems strengthen the Emergency Food Assistance Program that provides food to community and neighborhood providers. **Gore has already proposed ensuring children have a nutritious breakfast.** As President, Al Gore would work to ensure that all children get a healthy breakfast by providing resources to communities to design innovative strategies, such as allowing more schools to provide free meals for all students to help reduce stigma of school breakfast, or outreach to make sure parents know about the availability of school breakfast. **Gore has already proposed allowing working families to own a reliable car without being denied food stamps.** Many low-income parents, particularly in rural areas, need a car to get to work. However, current law forces many working families to choose between nutritional assistance and a reliable car because it limits food stamps eligibility to most families owning a vehicle worth less than $4,650. As President, Al Gore would promote work by permitting states to enable working families to own a reliable car and still get food stamps. **Gore has already proposed encouraging new outreach and incentives for states to ensure working families get the nutrition they need.** A lack of information and restrictive practices in some states prevent hundreds of thousands of eligible families from receiving food stamps. Al Gore is proposing to reward states that do a good job enrolling vulnerable families and develop innovative local strategies for improving food stamp access, and allowing working families to use the Internet and telephone to communicate with the Food Stamp Program.

Boosting Head Start	**Gore has already proposed and enacted Head Start increases.** Earlier this year, Vice President Gore announced a new Administration proposal to expand the Head Start program. As part of their Fiscal 2000 budget proposal, the Administration is proposing to increase Head Start funding by $607 million – which, if enacted, would be the largest increase in the program's history and would serve 877,000 low-income children. He is committed to reaching his goal of enrolling one million children in Head Start by 2002, and doubling the number of infants and toddlers in Early Head Start. Since 1993, the President and Vice President have increased funding for Head Start by 68 percent. Their efforts have helped increase enrollment in the program by 200,000 children, bringing the total number of children in Head Start to 835,000 in 1998. [AP, 1/27/99, White House press release, 1/27/99] **Making Pre-School Available to Every Child.** As part of his plan to bring revolutionary change to education, Al Gore has already proposed to make pre-school available to every child.
Recruiting teachers to impoverished areas	**Gore has already proposed a new 21st Century Teachers Corps to encourage teachers to commit to serve high need areas.** Al Gore has done more by proposing the creation of a new 21st Century Teachers Corps -- open to talented young people across the country. Under this plan, if you agree to spend four years teaching in a "high need" school, which are mostly in urban and rural schools -- and if you pass a rigorous exam before you set foot in the classroom -- we'll give you up to $10,000 to pay for college. And for those willing to switch careers for teaching, we'll give you a $10,000 bonus and pay for the training you need to get into the classroom
Providing after-school programs	**Gore has already proposed to quintuple after-school programs.** Al Gore worked to expand the 21st Century Learning Centers program, which provides after school care for almost 400,000 children annually. He is now proposing to quintuple funding for after school programs. And earlier this year, he proposed increase the funding for after school care by $400 million. This additional funding would increase the number of children who could participate in this after-school care program to 1 million. [Office of the Vice President press release, 1/27/99, Department of Education press release, 4/28/99]

Children's Defense Fund Child Poverty Study
Question and Answer
August 19, 1999

NOTE: study is embargoed until Sunday August 22 – the third anniversary of President Clinton signing the welfare reform law.

Q: What is your reaction to the Children's Defense Fund report showing an increase in the number of children living below half the federal poverty line?

A: President Clinton and Vice President Gore have worked for the last six and a half years to raise incomes and extend opportunity to all. This includes raising the minimum wage, expanding the Earned Income Tax Credit, and enacting the Children's Health Insurance Program. The Administration remains committed to helping lift families out of poverty, making work pay, and helping families make a successful transition from welfare to work. Under this Administration the overall child poverty rate has declined from 22.7 percent in 1993 to 19.9 percent in 1997, the biggest four-year drop in nearly 30 years, with especially large improvements among Hispanic and African-American children. According to the Council of Economic Advisers, the EITC lifted 4.3 million people, including 2.2 million children, out of poverty in 1997 (the EITC is not reflected in the official definition of poverty). CDF's own analysis shows that based on the official measure of poverty the number of children in extreme poverty held constant between 1996 and 1997.

Nevertheless, we are concerned about the well-being of our nation's poorest families. The actions the President announced on July 14th to ensure working families access to food stamps (see details below) will go a long way to address the loss of benefits which CDF finds to be a key factor contributing to the increase of children living below 50 percent of poverty. In his August 3rd speech in Chicago, the President warned Congress not to renege on the bipartisan commitment to help states and communities finish the job of welfare reform. He challenged state and local officials to use the resources and flexibility provided through the welfare reform law and recent regulations to invest funds in those who need help the most and to support working families. To finish the job we need to reauthorize the Welfare to Work program and increase our investment in childcare, transportation, and housing vouchers. In addition, we must raise the minimum wage. The recent trend pointed out by CDF is important, but it is also worth noting that it is a one-year trend for a relatively small group of people.

Q: Does the CDF study mean that welfare reform isn't not working?

A: Three years after enactment of the welfare reform law, all fifty states are meeting the law's overall work requirement and nearly four times more of those on welfare are working than when the President took office. Record numbers of people are moving from welfare to work and most welfare recipients who leave the rolls are earning wages that take them out of extreme poverty. The CDF study focuses on a relatively small subset of families who are facing the greatest challenge.

Q: Weren't these CDF numbers already released?

A: Yes. It's our understanding that CDF released an early summary of finding several weeks ago, which were reflected in the Wall Street Journal on August 4th.

Background

CDF's analysis found that the number of children living in extreme poverty rose to 2.7 million in 1997, an increase of 426,000 from 1996. This increase was concentrated in families headed by single mothers (372,000 of the 426,000), who experienced a 26 percent jump in the number of children below half the poverty level between 1996 and 1997. Extreme poverty is defined as income below 50% of the federal poverty level, or $6,401 a year for a family of three. This is equivalent to $533 a month, or $123 a week. CDF analyzed data from the Census Bureau's Current Population Survey, using an alternative definition of income for the official poverty measure. This alternative measure includes taxes as well as the value of certain non-cash assistance, such as food stamps.

To put these numbers in context, in 1997, CDF finds there are 1.8 million children in mother-only families in extreme poverty. This represents about 11% of all children in mother-only families. Large families (more than two children) accounted for 90% of the total increase among children in mother-only families in extreme poverty. While most poor families are not large those who are face greater challenges. One possible explanation according to CDF is access to affordable child care.

Q: Has poverty increased under the Clinton/Gore Administration?

A: No. In fact, on June 17th the National Center for Children in Poverty released a report finding that the poverty rate among children under age six has declined from a high of 26% (6.4 million children) in 1993 to 22% (5.2 million children) in 1997. This recent decrease came after a 52% increase between 1978 and 1993. Between 1996 and 1997 the number of young children in poverty declined by 300,000 (almost 5.5%). There has been a decline in poverty not only among young children, but all children. According to Census Bureau data from 1993, there were nearly 16 million children under age 18 living below the federal poverty level. That number decreased to approximately 14.5 million in 1996 and just over 14 million in 1997.

The CDF analysis focuses on how a subset of children – those living below 50% of the poverty level and those living in households headed by single mothers – fared over a one year period and uses an alternative definition of poverty.

Q: What is the Administration doing to make sure families get the food stamps for which they are eligible?

A: Last month the President took executive action to help ensure working families access to food stamps, by: (1) allowing states to make it easier for working families to own a car and still be eligible for food stamps; (2) simplifying food stamp reporting rules to make it easier for families to get food stamps; and (3) launching a nationwide public education campaign and a toll-free hotline to help working families know whether they're eligible for food stamps. Families with earnings up to 130 percent of poverty ($8.50 an hour for a family of three) can be eligible for food stamps to supplement their income and help buy food for their families, but only two of five working families eligible for food stamps actually apply for and receive them. Last week, Secretary Glickman unveiled the nationwide public education campaign at an event in Baltimore, and challenged Governors, Mayors and non-profits to reach out to families who are eligible for but not receiving food stamp benefits.

Q: What has the President done to help welfare reform succeed?

A: The President started reforming welfare early in his first term, granting waivers to 43 states to require work and encourage personal responsibility, expanding the Earned Income Tax Credit and the minimum wage to make work pay, and pushing the Congress for nationwide welfare reform legislation which he signed into law in August 1996. Since 1996, he has launched The Welfare-to-Work Partnership which now includes 12,000 businesses that have hired an estimated 410,000 welfare recipients; issued an executive order to ensure the federal government hired its share of welfare recipients -- over 14,000 hired to date; encouraged the launching of the Vice President's Coalition to Sustain Success, a coalition of national civic, service, and faith-based groups are working to help these new workers with the transition to self sufficiency; fought for and won additional funds for welfare to work efforts for long term recipients in high poverty areas ($3 billion in Department of Labor Welfare-to-Work funds enacted in the Balanced Budget Act), a new tax credit to encourage the hiring of long term recipients, and funding for Welfare-to-Work transportation ($75 million in FY 1999) and Welfare-to-Work housing vouchers (50,000 enacted to date); and put in place new welfare rules (announced April 10th) that make it easier for states to use TANF funds to provide supports for working families such as child care, transportation, and job retention services.

Q: What's the President's agenda for moving more people from welfare to work?

A: At the recent Welfare-to-Work event in Chicago, the President called for:

- The companies in The Welfare-to-Work Partnership to hire even more people from the welfare rolls, and to help new employees succeed in the workplace.

- Congress to honor its bipartisan commitment to welfare reform by resisting proposals to cut the Temporary Assistance for Needy Families block grant created in the 1996 welfare act.

- States and communities to use the resources provided in the welfare reform law and the flexibility provided in the recent welfare reform rules to invest in those who need additional help to leave the welfare rolls and to support working families who have left the rolls succeed in the workforce.

- Congress to finish the job by enacting his initiatives to help those families with the greatest challenges move from welfare to work and succeed in the workforce, including:

  ✓ $1 billion to extend the Welfare-to-Work program to help long-term welfare recipients and low-income fathers work and support their families. Welfare-to-Work funds are targeted to those individuals who need the most help, including long-term welfare recipients with low basic skills, substance abuse or poor work history, and are distributed to states and communities based on concentrations of poverty, welfare dependency, and unemployment. Also under the President's proposal, states and communities would use a minimum of 20 percent of their formula funds to provide job placement and job retention assistance to low-income fathers who sign personal responsibility contracts committing them to work, establish paternity, and pay child support. The Administration's reauthorization proposal, which has been endorsed by the U.S. Conference of Mayors, is included in H.R. 1482 introduced by Congressman Cardin and S. 1317 introduced by Senator Akaka. The reauthorization would build on the $3 billion Welfare-to-Work program the President secured in the 1997 Balanced Budget Act. To date, communities in nearly every state are using Welfare-to-Work funds to help individuals with the greatest challenges, and the Vice President announced on August 3rd, 1999 that the Department of Labor would release over $100 million in grants to the states of Alaska, Illinois, Indiana, Kansas, Minnesota, and New Jersey.

  ✓ Significant new funding for child care to help working families meet the cost of child care including: (1) $7.5 billion over five years to expand the Child Care Block Grant, (2) $5 billion over five years in greater child care tax relief, (3) $3 billion over five years in child care quality improvements, (4) a new tax credit for businesses that provide child care services for their workers, and (5) new tax relief for parents who choose to stay at home with their young children. With more parents entering the work force, the need for child care has risen as a critical support to help parents keep their jobs. The 1996 welfare law did provide $4 billion in additional funds to states to provide more care and help improve the quality of programs, but the unmet need remains large. There are approximately 10 million children eligible for federal funded support, yet in 1997, only 1.25 million children received assistance. Ensuring that families who leave welfare for jobs stay employed is one of the next challenges of welfare reform, and reliable, safe, and affordable child care is one of the critical ingredients for parents succeeding in work.

- ✓ Additional Welfare-to-Work housing vouchers and transportation funds to provide 25,000 more housing vouchers and double Access to Jobs transportation funding from $75 million to $150 million. The Welfare-to-Work housing vouchers will help families move closer to a job, reduce a long commute, or secure more stable housing that will help them get or keep a job. The Job Access grants will provide funds for communities to provide innovative transportation solutions so welfare recipients and other low income workers can get to work.

- ✓ Extend both the Welfare-to-Work Tax Credit and the Work Opportunity Tax Credit to encourage the hiring and retention of long-term welfare recipients and other disadvantaged individuals.

Increasing the minimum wage to $6.15 an hour will also help working families and promote work over welfare, by providing a full-time worker with another $2,000 a year, enough to buy groceries for 7 months or pay for 5 months' rent.

Q: Has welfare reform caused declines in food stamp and Medicaid rolls and what is the Administration going to do about it?

A: While the latest Medicaid enrollment figures show that there was a decline in the Medicaid rolls from 1996 to 1997, it is too early to say with confidence what has caused the decline. There are a number of factors, such as fewer people in poverty, lower rates of unemployment, and the decline in the number of employees participating in employer-sponsored health insurance that contribute to any change in enrollment numbers. It's also important to note that while Medicaid enrollment has declined since 1996, the number of people under the poverty level who are uninsured has not increased in that period.

Similarly with food stamps, there are a number of factors contributing to the decline in food stamp participation, such as the strength of the nation's economy allowed participants to find work, reducing their need for food stamps; the success of the Temporary Assistance for Needy Families (TANF) has moved participants from welfare to work, with an increase in income sufficient to eliminate the need for food stamps; working families don't realize they are eligible for food stamps and have difficulty obtaining them, leading some participants to leave the program unnecessarily and discouraging others from applying for benefits; changes in program rules under welfare reform restricted the participation of immigrants and unemployed childless adults (these changes explain less than 20 percent of the decline).

The President recently announced steps that will go a long way to ensuring working families have access to the food stamp program (see above) and extensive outreach efforts are under way in all 50 states to enroll children in health insurance as part of the implementation of the Children's Health Insurance Program (CHIP). In addition, both USDA and HHS are working aggressively to enforce the law requiring states to provide Medicaid and Food Stamp applications upon request and ensuring they process them without delay, regardless of the state rules governing the TANF application.

working families, such as EITC, food stamps, and child care, families are better off than they were on welfare.

Q: Has poverty among young children increased under the Clinton/Gore Administration?

A: No. From 1993 to 1998, the poverty rate among children under age six has declined from a high of 26 percent (6.1 million children) to 20.6 percent (4.8 million children). This recent decrease came after a 52 percent increase between 1978 and 1993. There has been a decline in poverty not only among young children, but all children. Overall, there are now 2.2 million fewer children living in poverty than in 1993 (15.7 million in 1993 compared to 13.5 million in 1998) and, under President Clinton, the child poverty rate declined from 22.7 percent to 18.9 percent – the largest five-year drop in nearly 30 years. There have also been historic declines in the African-American and Hispanic child poverty rates, though both remain too high.

Q: Do these new numbers show more children living in extreme poverty?

A: No. We're encouraged to see that the number of children living in extreme poverty (50% of the federal poverty level or $6,400 for a family of three) dropped by nearly 600,000 between 1997 and 1998 (from 6.4 million to 5.8 million). The rate of extreme child poverty also dropped, from 9 percent to 8.1 percent. Since President Clinton and Vice President Gore took office, 1.2 million fewer children are living in extreme poverty – a drop of 18 percent, from 7 million in 1993 to 5.8 million in 1998.

Q: Why are these trends different from those reported by the Children's Defense Fund on August 22 showing an increase in the number of children living in extreme poverty?

A: The new numbers released by the Census Bureau reflect data through 1998 and use the official measure of poverty. The CDF numbers go through 1997 and use an expanded definition of income. Using that expanded definition of income, CDF found that the number of children living in extreme poverty rose by 426,000 between 1996 and 1997, from 2.3 million to 2.7 million. Under the official measure, the number of children living in extreme poverty held steady between 1996 and 1997. The actions the President announced on July 14th to ensure working families' access to food stamps (see below) will help address the loss of benefits that leads CDF to find a rise in extreme child poverty.

Q: Do these numbers show those at the bottom are worse off as a result of welfare reform?

A: No. The new Census data show record increases in income, a slight decrease in income inequality, and record decreases in the poverty rate. In 1998, every income group experienced a real increase in their income, showing that all parts of the income scale are benefiting from the growing economy. Under Reagan and Bush, average household income for the poorest one-fifth fell 4 percent; under the Clinton/Gore Administration it has increased over 10 percent. [NEC has more detailed analysis]

Background

An analysis by the Center on Budget and Policy Priorities released in late August compared income trends for families headed by single mothers between 1993-1995 and 1995-1997. They found, again using an expanded definition of income, that incomes of single-mother families rose substantially between 1993 and 1995, especially among the bottom 60 percent of these families, but that the story between 1995 and 1997 was mixed. In the later period, while incomes continued to grow for those in the second and third quintiles, the average disposable income of the poorest fifth of single mother families fell. This decline was primarily the result of a drop in receipt of TANF and food stamp benefits. While it will take more time to do a comparable analysis of 1998 data using alternative measures of poverty, the strong positive trend in the official measure is encouraging news. While the number of poor female-headed households with children stayed constant between 1995 and 1997, there were significant improvements in 1998. This means that between 1995 and 1998, the number of poor female-headed families with children dropped by nearly 5 percent (from 3.6 million to 3.5 million). The actions the President announced on July 14th to ensure working families access to food stamps (see details below) will go a long way to address the loss of benefits which the Center finds to be a key factor contributing to the loss of income among the poorest families.

Q: What has this Administration done to help families move out of poverty?

A: President Clinton and Vice President Gore have worked for the last six and a half years to raise incomes, make work pay, help families make a successful transition from welfare to work, and extend opportunity to all. This includes raising the minimum wage, expanding the Earned Income Tax Credit, enacting the Children's Health Insurance Program, and promoting investment in underserved communities. The latest data released by the Census Bureau show we are making tremendous progress.

The President has warned Congress not to renege on the bipartisan commitment to help states and communities finish the job of welfare reform and. He vigorously opposes attempts to cut the welfare block grant and the EITC tax refund for low income workers. The EITC lifted 4.3 million people out of poverty in 1998. To finish the job, we need to reauthorize the Welfare-to-Work program, raise the minimum wage, and increase our investment in childcare, transportation and housing vouchers. (See attachment).

Q: What has the President done to help welfare reform succeed?

A: The President started reforming welfare early in his first term, granting waivers to 43 states to require work and encourage personal responsibility, expanding the Earned Income Tax Credit and the minimum wage to make work pay, and pushing the Congress for nationwide welfare reform legislation which he signed into law in August 1996. Since 1996, he has: launched The Welfare to Work Partnership, which now includes 12,000 businesses that have hired an estimated 410,000 welfare recipients; issued an executive order to ensure the federal government hired welfare recipients (over 14,000 to date); and supported the launch of the Vice President's Coalition to Sustain Success, an array of national civic, service, and faith-based groups working to help new workers with the transition to self sufficiency. He has also fought for and won additional funds for welfare to work efforts, including a new tax credit to encourage the hiring of long term recipients, funding for Welfare-to-Work transportation ($75 million in FY 1999), and Welfare-to-Work housing vouchers (50,000 enacted to date): And on April 10, the President put in place new welfare rules that make it easier for states to use TANF funds to provide such as child care, transportation, and job retention services for working families.

Q: What is the Administration doing to make sure families get the food stamps and Medicaid for which they are eligible?

A: In July the President took executive action that will go a long way to ensure working families access to food stamps, by: (1) allowing states to make it easier for working families to own a car and still be eligible for food stamps; (2) simplifying food stamp reporting rules to make it easier for families to get food stamps; and (3) launching a nationwide public education campaign and a toll-free hotline to help working families know whether they're eligible for food stamps. Families with earnings up to 130 percent of poverty ($8.50 an hour for a family of three) can be eligible for food stamps to supplement their income and help buy food for their families, but only two of five working families eligible for food stamps actually apply for and receive them.

HCFA has been working hard with states to ensure that people who should be enrolled in Medicaid are, in fact, enrolled. Medicaid is a joint partnership between HCFA and the states. States have primary responsibility for operating their programs. Nevertheless, HCFA continues to provide technical assistance and intends to be aggressive in ensuring that states follow all federal rules involved with Medicaid eligibility determinations.

Since the beginning of 1997, HCFA has issued numerous letters designed to inform and educate States of their responsibilities under Medicaid. A new guidebook for states released last month is just the latest of our efforts to work with states to ensure that people moving off cash assistance programs, and working families who may not realize they are eligible for assistance, still get Medicaid benefits. The guidebook also makes clear that states' TANF-Medicaid application must furnish a Medicaid application upon request and may not impose a waiting period. States must also process Medicaid applications without delay. Extensive outreach efforts are also under way in all 50 states to enroll children in health insurance as part of the implementation of the Children's Health Insurance Program (CHIP).

In addition, both USDA and HHS are working aggressively to enforce the law requiring states to provide Medicaid and Food Stamp applications upon request and ensuring they process them without delay, regardless of the state rules governing the TANF application.

Background:

Between 1995 and 1998, the number of people receiving food stamps fell more than 3 times faster than the number of people in poverty. Recently released estimates from the Bureau of the Census show that the number of people in poverty fell from 36.4 million in 1995 to 34.5 million in 1998. Administrative data from the Food and Nutrition Service show that over the same period food stamp participation fell from an average of 26.3 million to 20.0 million. (Food stamp participation has fallen still further since then: in June, the program reached 17.8 million people).

There are a number of factors contributing to the decline in food stamp participation. One is the strength of the nation's economy, which allowed participants to find work, reducing their need for food stamps. Another is the success of welfare reform in moving participants from welfare to work.

At the same time, some working families don't realize they are eligible for food stamps and have difficulty obtaining them, leading some participants to leave the program unnecessarily and discouraging others from applying for benefits. Finally, some changes in program rules under welfare reform restricted the participation of immigrants and unemployed childless adults.

Poverty and Welfare Reform
Question and Answer
September 30, 1999

Q: How is welfare reform going?

A: In 1992, President Clinton promised to end welfare as we know it, and three years after the enactment of the welfare reform law, welfare reform is working. We've seen revolutionary changes to promote work and responsibility: welfare rolls are down by nearly half to their lowest level in 30 years, nearly four times more of those on welfare are working, and the employment rate of people receiving welfare in the previous year has increased by 70 percent. All fifty states are meeting the law's overall work requirement. Numerous independent studies also confirm that record numbers of people are moving from welfare to work.

Background

Caseloads: The number of welfare recipients is at its lowest level since 1969 (30 years) and the percentage of Americans on welfare is at its lowest level since 1967 (32 years). The welfare rolls have fallen by 48 percent, or 6.8 million, since January 1993, when they stood at 14.1 million. State-by-state numbers show 31 states have had declines of 50 percent or more. A recent report by the Council of Economic Advisers finds that the implementation of welfare reform is the single most important factor contributing to the widespread and continuous caseload declines from 1996 to 1998. CEA estimates that the federal and state program and policy changes implemented as a result of welfare reform account for approximately one-third of the caseload reduction from 1996 to 1998. The strong economy has also played an important role, accounting for approximately ten percent of the decline.

Employment and earnings of current welfare recipients: Nationally, the percentage of welfare recipients who work rose from 7 percent in 1992 to 27 percent in 1998, with the remainder fulfilling their participation requirements through job search, education, and training. The earnings of those on welfare have increased about 11 percent between 1997 and 1998 (from $506/month to $553/month).

Employment and earnings of former welfare recipients: Results from a national survey released in August by the Urban Institute found 69 percent of recipients had left welfare for work, and 18 percent had left because they had increased income, no longer needed welfare, or had a change in family situation. The report found that women leaving welfare were working at nearly identical rates, types of jobs, and at salaries as other mothers with incomes up to 200 percent of poverty or $32,000 a year for a family of four. This study found former welfare recipients had a median hourly wage of $6.61, which is actually higher than other low-income mothers whose median hourly wage is $6.06. More than two-thirds of employed former recipients are working 35 hours per week or more, which is slightly higher than other low-income mothers.

A recent General Accounting Office report based on state surveys found that between 63 and 87 percent of adults have worked since leaving the welfare rolls, results similar to state studies funded by the Department of Health and Human Services. GAO found annual earnings ranging from $9,512 to $15,144 among those who had left welfare. When we factor in other supports for

Uninsured Data
Q&A
October 4, 1999

Q: The economy is doing well and the poverty rate has fallen, so why is the number of uninsured increasing?

A: The problem of the uninsured in the United States is a complicated issue. We have just received the 1998 Census data and will be analyzing the data closely in the coming days. But it appears that the increase in the proportion of uninsured between 1997-1998, which is not statistically significant, is <u>not</u> concentrated among the poor. Neither the number nor the rate of uninsured poor people increased significantly. In fact, the number of the uninsured who are classified as poor dropped by 87,000 (see attachment).

However, the rate of uninsured among the middle class did go up: the percent of people with income between $50,000 and $75,000 who lack insurance increased from 10.1 to 11.7 percent -- or over a million people. This appears to be happening because slightly fewer middle-class people are insured through their employers. Also, as people leave poverty, fewer are eligible for Medicaid, leaving them no affordable or accessible options.

Q: What is the Administration going to do to reduce the numbers of uninsured?

A: The President has been aggressively pushing to enroll the millions of Americans now eligible for coverage and urging the Congress to pass additional reforms that would succeed in insuring more people. We will step up efforts both to create new options (e.g., Medicare buy-in, Medicaid buy-in for people with disabilities) and to increase participation in existing options. The Administration's ongoing efforts include:

Ensuring rapid, aggressive implementation of the new Children's Health Insurance Program (CHIP) which targets uninsured children of working families. In addition to approving all state plans, the Administration has launched an aggressive public-private outreach campaign to educate families about this new program.

Last month, the Departments of Health and Human Services, Justice and Education and 10 national, nonprofit organizations, kicked off more than 45 community events to enroll children around the country in CHIP and Medicaid. These efforts have focused on outreach to minority communities, including the Hispanic community to which we have distributed Spanish language television and radio PSAs and print articles and op-eds on how to enroll in CHIP and Medicaid.

Earlier this year, the President, along with the National Governors' Association, launched the Insure Kids Now campaign, including a national toll free number, 1-877-KIDS-NOW and the *insurekidsnow.gov* web site, which gives families specific information on how to enroll in CHIP and Medicaid.

Improving Medicaid. This Fall, HHS will send teams to work with state officials this fall to review programs and identify and remove possible barriers to enrollment in Medicaid and CHIP. Earlier this year, we also took action to assure and encourage legal immigrants to receive health insurance through Medicaid and CHIP. Since 1993, HHS has approved several Medicaid waivers to states for comprehensive health care reform projects to control costs and expand coverage and waivers for welfare reform projects. When fully implemented, these demonstration projects will extend health coverage to 2.2. million parents and children who otherwise would be uninsured.

Q: Why hasn't CHIP reduced the number of uninsured children already?

A: We are encouraged that the CPS numbers show the number of uninsured children remained stable from 1997 to 1998. We expect that this number will begin to decline now that CHIP is fully implemented. CHIP was only passed by Congress and signed by President Clinton in August of 1997. To date, HHS has approved 56 plans -- all 50 states, 5 U.S. territories and the District of Columbia. So far, we estimate that 1.3 million children have been enrolled and states expect to enroll 2.6 million by October 2000. In 1998, the year that the Census data covers, 43 states had programs in operation, but only 4 states had been enrolling children throughout that year.

We will continue to work with state and local communities and forge more public-private partnerships in our efforts to enroll all eligible children in CHIP and Medicaid.

Q: Isn't it true that the decline in Medicaid is due to welfare reform?

A: No. This Administration has demonstrated an unprecedented commitment to reducing the numbers of uninsured and would not take any action that would reduce access to health insurance for low-income people.

It is important to note that although Medicaid enrollment has declined, the number of uninsured people classified as poor has actually declined by 87,000.

Why Medicaid rolls are declining is a complex question with no easy answer. One explanation is that the improving economy has made it possible for many low-income people once enrolled in the Medicaid program to find jobs that offer health insurance benefits. The Census data show that the decline in Medicaid coverage occurred only among poor people, where there was also an offsetting increase in private coverage. Another answer is that individuals may not realize they are still eligible for the Medicaid program even if their income increases slightly.

It is also important to note that the Census Bureau explicitly warns that the changes in Medicaid coverage estimates from one year to the next should be viewed with caution, since Census Bureau data under-reports Medicaid coverage. In fact, preliminary 1998 Medicaid enrollment data from the Health Care Financing Administration show that there were 40 million Medicaid enrollees, while the 1998 Census Bureau numbers only report

28 million Medicaid enrollees. As such, it would not be appropriate to rely on the Census Bureau data to draw conclusions about the effect of welfare reform on Medicaid.

Q: Aren't the CPS numbers regarding Medicaid enrollees much lower than HHS' estimates?

A: Yes. Preliminary 1998 Medicaid enrollment data from the Health Care Financing Administration show that there were about 40 million Medicaid enrollees, while the 1998 Census Bureau numbers only report 28 million Medicaid enrollees, including 14 million poor people. Similarly, administrative data show close to 20 million children covered by Medicaid, whereas the Census numbers report only 14 million.

Again, it is important to note that the Census Bureau explicitly warns that the changes in Medicaid coverage estimates from one year to the next year should be viewed with caution, since Census Bureau data under-reports Medicaid coverage.