PRESIDENT CLINTON HAILS SUCCESS OF WELFARE REFORM
ONE YEAR AFTER SIGNING REFORM BILL INTO LAW
August 12, 1997 DRAFT: 8/11/97 1:15 pm

Today, the President highlighted the success of welfare reform nearly one year after signing the welfare law, announcing that caseloads have declined by almost 3.4 million or 24 percent since he took office and showing how the new balanced budget will continue this progress. The President also noted the continuing success of the Welfare to Work Partnership, which now includes over 800 businesses and which today launched a toll-free hotline, web page, and public service announcements to help companies all across the nation hire people off welfare. Finally, the President praised the public-private partnership growing in St. Louis region, where over 300 companies have accepted his challenge to hire welfare recipients.

One Year Later: Welfare Reform is Working
Today, one year after signing the welfare law, the President announced new statistics showing that the welfare caseload has fallen by 1.4 million recipients since then and by almost 3.4 million recipients since January 1993. The decline from 14.1 million recipients in January 1993 to 10.7 million in May 1997, a drop of 24%, is the largest decrease in the welfare rolls in history, resulting in the lowest percentage of the population on welfare since 1970. Forty-eight out of fifty states have seen their caseloads decline, with ten states reducing their rolls by 40% or more in the last four years. This progress started even before President Clinton signed the welfare bill, with the waivers he granted to 43 states to require work, time-limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility.

The New Balanced Budget Will Help Us Do More
Because of President Clinton's leadership, the balanced budget includes a $3 billion Welfare to Work Jobs Challenge and an expanded Work Opportunity Tax Credit to help move long-term welfare recipients into jobs and meet the President's goal of moving a million more people from welfare to work by the year 2000. The new balanced budget also makes good on the President's promise to restore disability and health benefits to legal immigrants, continue Medicaid coverage for disabled children, and provide funds for workslots for unemployed food stamp recipients -- thereby reversing the provisions of the welfare law that had nothing to do with real welfare reform.

New Tools to Help Companies Hiring Welfare Recipients
At today's event, the Partnership will unveil several new tools to help companies that want to hire workers from the welfare rolls: a toll free hotline (1-888-USA-JOB1) and a web site (www.welfaretowork.org) to link companies to public and private sector welfare reform information; a guide for companies hiring

RESTORING FAIRNESS AND PROTECTING THE MOST VULNERABLE

The President made a commitment last year to fix several provisions in the welfare reform law that had nothing to do with moving people from welfare to work. After months of continuous refusals by the Congressional leadership to consider these changes, the President fought for and ultimately was successful in ensuring that the balanced budget protects the most vulnerable.

- **Protects Immigrants Who Become Disabled and Those Currently Receiving Benefits**: The balanced budget restores$11.5 billion in SSI and Medicaid benefits for legal immigrants. The new law protects those immigrants now receiving assistance, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left destitute. And for immigrants already here but not receiving benefits, the balanced budget does not change the rules retroactively. Immigrants in the country as of August 22, 1996 but not receiving benefits at that time who subsequently become disabled will also be fully eligible for SSI and Medicaid benefits.

- **Helps People Who Want to Work but Can't Find a Job**: The balanced restores $1.5 billion in food stamp cuts. Last year's welfare reform bill restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they were working. This move ignored the fact that finding a job often takes time. The budget bill provides funds for an estimated 235,000 work slots over 5 years and food stamp benefits to those who are willing to work but, through no fault of their own, have not yet found employment. The balanced budget allows states to exempt up to 15 percent of the food stamp recipients (70,000 individuals monthly) who would otherwise be denied benefits as a result of the "3 in 36" limit.

- **Protects Children by Keeping the Medicaid Guarantee**: The balanced budget preserves the Federal guarantee of Medicaid coverage for the vulnerable populations who depend on it, and contains additional investments to extend coverage to uninsured children. It also ensures that 30,000 disabled children losing SSI because of the new tighter eligibility criteria keep their Medicaid coverage.

welfare recipients, *Blueprint for Business: Reaching a New Work Force*, prepared with the National Alliance of Business; and a public service campaign that highlights the benefits to companies of hiring welfare recipients and encourages companies to join the Partnership. The Welfare to Work Partnership is a nonpartisan, nonprofit organization leading the national business effort to hire people from the welfare rolls. Now more than 800 companies strong, the Partnership was formed in May 1997 at the urging of the President.

St. Louis: An Example of the Critical Role of the Private Sector

Today in St. Louis, President Clinton will underscore the critical role of the private sector in welfare reform, praising over 300 bi-state St. Louis region companies that are committing to hire and retain welfare recipients without displacing current workers. Today's event in St. Louis launches the Partnership's city to city challenge, in which the Partnership will work closely with community and business leaders in 12 high poverty cities during the next year to help promote innovative and effective welfare to work initiatives.

8/11/97

States Are Succeeding in Reforming Welfare

Many states have accepted the significant responsibilities in the welfare reform law and are using the greater flexibility to reform welfare. State strategies are making a real difference in the success of welfare reform, specifically in moving recipients from welfare to work, child care and transportation. Here are a few examples:

WELFARE TO WORK

- **Massachusetts and Pennsylvania Have Welfare-to-Work Tax Credits for Employers:** According to a report from the National Governors' Association, Pennsylvania rewards employers for participating in their Employment Incentive Program (EIP) by providing up to $5,100 in state tax credits for each welfare recipient an employer hires. The employer can earn $1,500 of the possible tax credit by paying for or providing child care to the welfare recipients hired. The welfare recipient must be employed for at least one year for the employer to receive the financial incentives. Under Massachusetts' Full Employment Program, employers are entitled to an excise tax credit of $100 per month for each FEP employee hired; they can also receive wage subsidies of $2.50 per hour for up to nine months.
- **Thirty-six States Are Using Welfare Checks to Subsidize Paychecks**: 36 of the 50 states are using welfare checks to subsidize private employment. All states except Alabama, Connecticut, Idaho, Illinois, Iowa, Kansas, Louisiana, Maryland, Minnesota, Nebraska, Nevada, New Mexico, Tennessee, and Utah subsidize employment.

CHILD CARE

- **24 States Are Increasing Their Spending Beyond What Is Needed to Match New Federal Child Care Funds**: According to a survey by the American Public Welfare Association (the state welfare directors), 24 states plan to spend more of their own dollars than they need to in order to match the new federal child care funds. These 24 states are: Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Georgia, Illinois, Indiana, Iowa, Maine, Massachusetts, Minnesota, Missouri, Montana, Nebraska, New Jersey, North Carolina, Ohio, Oregon, Tennessee, Vermont, Washington State and Wyoming.
- **Several States Have Seamless Child Care Systems:** Illinois, Michigan, and Washington are examples of states that provide child care subsidies based on income, not whether a parent used to be on welfare or not.

TRANSPORTATION

- **Michigan, Kentucky and Wisconsin Are Addressing the Transportation Challenges of Welfare Reform**: Michigan and Wisconsin are tackling the transportation barriers many welfare recipients face. Because few families receiving public assistance own automobiles, it is often challenging getting workers to jobs in the outlying suburban areas. Michigan's Suburban Mobility Authority for Regional Transportation provides bus patrons with a ride from their stop to their work site. Wisconsin developed "Job Ride" in 1989 creating an innovative van pool system. Kentucky's "Empower Kentucky" initiative is integrating the transportation programs of four cabinet departments to improve transportation for underserved areas of the state.
- **Connecticut is Using Welfare Block Grant Dollars to Fund Transportation**: In Connecticut, the Governor has committed to using $2.2 million of the state's Temporary Assistance for Needy Families (TANF) dollars for transportation services for public transit operators across the state to provide new transportation services to move welfare recipients to work.

Clinton-Gore Accomplishments
Reforming Welfare

On August 22, 1996, President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, fulfilling his longtime commitment to 'end welfare as we know it.' As the President said upon signing, "... this legislation provides an historic opportunity to end welfare as we know it and transform our broken welfare system by promoting the fundamental values of work, responsibility, and family."

TRANSFORMING THE BROKEN WELFARE SYSTEM

- **Overhauling the Welfare System with the Personal Responsibility Act**: Last year the President signed a bipartisan welfare plan that is dramatically changing the nation's welfare system into one that requires work in exchange for time-limited assistance. The law 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. State strategies are making a real difference in the success of welfare reform, specifically in job placement, child care and transportation (*see attached for state examples*).

- **Law Builds on the Administration's Welfare Reform Strategy**: Even before the Personal Responsibility and Work Opportunity Act became law, many states were well on their way to changing their welfare programs to jobs programs. By granting Federal waivers, the Clinton Administration allowed 43 states -- more than all previous Administrations combined -- to require work, time-limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility. The vast majority of states have chosen to continue or build on their welfare demonstration projects approved by the Clinton Administration.

- **Largest Decline in the Welfare Rolls in History**: From January 1993 to May 1997, the number of people receiving welfare benefits fell by 24 percent, or 3.4 million recipients -- <u>the largest decline in the welfare rolls in history</u> and the lowest percentage of the population on welfare since 1970. This historic decline occurred in response to the Administration's grants of Federal waivers to 43 states, the provisions of the new welfare reform law, and the strong economy.

- **Mobilizing the Business Community**: To make welfare reform a success and help move a million people from welfare into the workforce by the year 2000, President Clinton has enlisted the business community's leadership. At the President's urging, the Welfare to Work Partnership was launched in May 1997 to lead the national business effort to hire people from the welfare rolls. Founded with 100 participating businesses, the Partnership pledged to reach 1000 business within six months. In August 1997, in St. Louis, Missouri, the Partnership launched a city by city effort to work with employers, service providers and state and local governments to expand welfare to work opportunities. The Partnership provides technical assistance and support to businesses around the country, including: a toll-free number (1-888-USAJOB1), the Partnership's Web site (www.welfaretowork.org) and a "Blueprint for Business" manual that contains information on finding, recruiting, training, hiring, and retaining former welfare recipients.

... and Civic, Religious and Non-profit Groups: The Vice President created the Welfare to Work Coalition to Sustain Success, a coalition of civic groups committed to helping former welfare recipients stay in the workforce and succeed. Tailoring their services to meet welfare recipients needs and the organizations' strengths, the Coalition will focus on providing mentoring and other support services. Charter members of the Coalition include: the Boys and Girls Clubs of America, the Baptist Joint Committee, the United Way, the YMCA, and fourteen other civic groups.

- **Doing Our Fair Share with the Federal Government's Hiring Initiative**: Under the Clinton Administration, the Federal workforce has been reduced by more than 300,000 positions, the smallest the Federal government has been in thirty years. Yet, this Administration also believes that the Federal government, as the nation's largest employer, must lead by example. The President asked the Vice President to oversee the Federal government's hiring initiative in which Federal agencies have committed to directly hire at least 10,000 welfare recipients in the next four years. As a part of this effort, the White House pledged, and has already hired, six welfare recipients.

- **Enforcing Child Support -- 50% Increase in Collections**: The Clinton Administration collected a record $12 billion in child support in 1996 through tougher enforcement, an increase of $4 billion, or nearly 50 percent, since 1992. Not only are collections up, but the number of families that are actually receiving child support has also increased. In 1996, the number of child support cases with collections rose to 4 million, an increase of 43 percent, from 2.8 million in 1992. And paternity establishment, often the first crucial step in child support cases, has dramatically increased. In 1996, the number of paternities established rose to nearly 1 million, almost double, from 516,000 in 1992.

Making Deadbeat Parents Pay: The President's unprecedented and sustained campaign to make deadbeat parents pay is working. In addition to tougher enforcement including a strong partnership with states, President Clinton has taken executive action including: directing the Treasury Department to collect past-due child support from Federal payments including Federal income tax refunds and employee salaries; taking steps to Federal deny loans to any delinquent parents; issuing an executive order making the Federal government a model employer in the area of child support enforcement. The President also directed the Attorney General to submit legislation that strengthens the Child Support Recovery Act by prosecuting more parents who take egregious actions to avoid paying child support. And most significantly, the welfare reform law contains tough child support measures that President Clinton has long supported including: a national new hire reporting system; streamlined paternity establishment; uniform interstate child support laws; computerized state-wide collections; and tough new penalties. These five measures are projected to increase child support collections by an additional $24 billion over the next ten years, but first, all states must enact the state laws to implement these tough new rules.

- **Breaking the Cycle of Dependency -- Preventing Teen Pregnancy**: Significant components of the President's comprehensive effort to reduce teen pregnancy became law when the President signed the 1996 Personal Responsibility Act. The law requires unmarried minor parents to stay in school and live at home or in a supervised setting; encourages "second chance homes" to provide teen parents with the skills and support they need; and provides $50 million a year in new funding for state abstinence education activities. Since 1993, the Clinton Administration has supported innovative and promising teen pregnancy prevention strategies; HHS-supported programs already reach about 30 percent or 1,410 communities in the United States. As part of this effort, the National Campaign to Prevent Teen Pregnancy, a private nonprofit organization, was formed in response to the President's 1995 State of the Union. Notably, data shows we are making progress in reducing teen pregnancy -- teen births have fallen four years in a row, by 8 percent from 1991 to 1995.

BALANCED BUDGET HELPS MOVE PEOPLE FROM WELFARE TO WORK

- **$3 Billion to Help Move 1 Million People from Welfare to Work**: Because of the President's leadership, the balanced budget includes the total funding requested by the President for the creation of his $3 billion Welfare to Work Jobs Challenge fund. This program will help states and local communities move long-term welfare recipients into lasting, unsubsidized jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers and other critical post-employment support services. The Department of Labor will provide oversight but most of the dollars will be placed, through the Private Industry Councils, in the hands of the localities who are on the front lines of the welfare reform effort. In addition, 25 percent of the funds will be awarded by the Department of Labor on a competitive basis to support innovative welfare to work projects.

- **A Welfare-to-Work Tax Credit for Employers**: This tax credit will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35 percent of the first $10,000 in wages in the first year of employment, and 50 percent of the first $10,000 in wages in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring, but also retention.

PRESIDENT CLINTON ANNOUNCES LINE ITEM VETO OF SPENDING AND TAX PROVISIONS

August 11, 1997

BACKGROUND ON THE LINE ITEM VETO ACT

Today, President Clinton announced that he will line item veto two tax provisions and a spending provision under the authority of the Line Item Veto Act which was signed into law April 9, 1996. Under the Line Item Veto Act, the President is authorized to cancel tax and spending items if he determines that cancellation will:

(I) reduce the Federal budget deficit;
(ii) not impair any essential government functions; and
(iii) not harm the national interest.

In addition to the above, the Act requires the President to transmit to Congress a "special message" explaining his decision to cancel any tax or spending item pursuant to the Act.

The items chosen for cancellation were carefully reviewed by experts at the Department of Treasury and other relevant agencies. The President believes canceling these items will not only achieve savings, but, even more importantly, serve as a deterrent to future attempts to include special interest or poorly drafted provisions that lead to abuse or serve to benefit only a select number of taxpayers or states as opposed to serving the broader public interest.

SPECIFIC ITEMS CANCELED BY THE LINE ITEM VETO

Tax

- **Active Financing Income of Foreign Corporations**: U.S. corporations generally are required to pay current U.S. tax on easily movable income earned by their foreign subsidiaries. U.S. taxation of other income of a foreign subsidiary, such as income earned in a foreign manufacturing or service business, generally, may be deferred until the earnings are paid back to the U.S. Prior to 1987, income earned from an active foreign financial services business, including interest, dividends and certain gains, generally was eligible for deferral. However, in 1986 Congress curtailed deferral opportunities for this income based on concerns about financial services entities' ability to shift income to tax-haven jurisdictions. *The canceled item would have allowed a small number of major U.S. banks, financing companies, insurance* *companies and securities firms to avoid current tax on their income from overseas operations. While the primary purpose of the provision was proper, it was drafted in a manner that would have permitted substantial abuse and created major tax loopholes for these companies.*

Estimated Fiscal Effect of Cancellation: $317 million over five years. (Treasury Estimate)

- **Deferral of Gain on Certain Sales of Farm Product Refiners and Processors:** Under current law, an individual may defer recognition of gain on the sale of certain stock in a corporation to an employee stock ownership plan (ESOP) or an eligible worker-owned cooperative, provided the individual reinvests the proceeds in certain other property. Gain is recognized later, when the individual taxpayer disposes of the replacement property. To qualify for this treatment, a number of requirements must be met to safeguard against abuse. *While the President wants to encourage value-added farming through the purchase by cooperatives of refiners or processors of agricultural goods, he feels compelled to veto this provision based on two narrow, but important grounds:*
  - *(1) The canceled item would have extended the existing deferral for ESOPs to the sale of stock in a qualified refiner or processor of agricultural goods to a farmers' cooperative, but without the safeguards applicable to ESOPs to ensure that the deferred tax is eventually paid.*
  - *(2) This provision failed to target its benefits to small- and medium-size coops.*

The President will continue to support more targeted and efficient means of promoting value-added farming that are not susceptible to abuse.

Estimated Fiscal Effect of Cancellation: $98 million over five years. (Treasury Estimate)

Spending

- **New York Medicaid Provider Tax Exemption:** In the past, Federal Medicaid spending increased dramatically because some states used disproportionate share hospital payments and related special financing mechanisms such as levying taxes on health care providers to effectively lower their share of Medicaid spending. Some states have used the dollars intended for Medicaid for state projects such as buildings, roads and bridges. In 1991, Congress limited the growth in Medicaid spending by enacting legislation to restrict the ability of states to use certain types of provider taxes as their share of Medicaid spending. Congress required that provider taxes be uniform and broad-based in order to qualify as a state's "matching" funds. *The canceled item would have given preferential treatment to only New York, by allowing that State to continue relying upon impermissible provider taxes to finance their Medicaid program. This preferential treatment would have increased Medicaid costs, would have treated New York differently from all other states, and would have established a costly precedent which would -- if extended to all other states -- cost taxpayers $3.5 billion.*

Estimated Fiscal Effect of Cancellation: $200 million over 5 years. (CBO Estimate)

BACKGROUND ON 79 TAX AND SPENDING PROVISIONS SUBJECT TO LINE ITEM VETO

Under the Line Item Veto Act, the Joint Committee on Taxation (JCT) is responsible for identifying "limited tax benefits". In general, the list of 79 items has been identified by JCT as "limited tax benefits" because JCT has determined either that (1) they are revenue-losing provisions that will have 100 or fewer beneficiaries in any fiscal year, or (2) they are transition rules that will benefit 10 or fewer taxpayers in any fiscal year.

Of the 79 provisions identified as limited tax benefits,

- approximately one-third represent Administration initiatives;
- approximately 40 percent represent provisions that have a basis in sound tax or social policy, or were important to certain members of Congress and were agreed to in the spirit of bipartisan cooperation; and
- approximately 25 percent represent reasonable transition relief--ensuring that new changes in law don't unfairly harm taxpayers who relied on prior law.

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DEMOCRATIC NATIONAL COMMITTEE LUNCHEON

DATE: Tuesday, August 12, 1997
LOCATION: Windows on Washington, St. Louis, MO
TIME: 12:30-1:45 p.m.
FROM: Craig Smith and Linda Moore

I. PURPOSE and BACKGROUND

To raise funds for the DNC.

II. PARTICIPANTS

Approximately 70 guests are expected to attend the luncheon. Rep. Gephardt and Gov. Carnahan will take part in the speaking program with you. Other VIPs participating in the luncheon are: Senator Dick Durbin (D-IL), Missouri State Democratic Chairman Joe Carmichael, First Lady Jean Carnahan, Mayor Clarence Harmon, Treasurer Bob Holden, and Attorney General/U.S. Senate candidate Jay Nixon.

III. PRESS PLAN

Pool Press for remarks only.

IV. SEQUENCE OF EVENTS

- **YOU** do a photo line with 70 guests, mostly couples.
- **YOU** proceed to your table. (Entrees are on tables.)
- Governor Carnahan makes brief remarks and introduces Rep. Gephardt.
- Rep. Gephardt makes brief remarks and introduces **YOU**.
- **YOU** make brief remarks and depart.

V. REMARKS

Remarks will be provided by Speechwriting.

VI. ATTACHMENTS

- A list of luncheon participants.

- A list of **YOUR** table guests.
- **YOUR** table diagram.

4. Seek greater reciprocity from other governments
5. Broaden partnerships in the U.S. and abroad, build new connections
6. Streamline program management
7. Strengthen links to the policy community
8. Maintain the programs independence within State

The report proceeds with a brief history of the program, a detailed look at the new challenges facing Fulbright (the changing geopolitics as well as the internal challenges to the programs budget and resources), a detailed breakdown of each recommendation and page of conclusions.

III. PARTICIPANTS

PRE-BRIEF: Marsha Scott, Lee Williams, Secretary Albright, Secretary Riley, Dr. Joseph Duffey

EVENT PARTICIPANTS: See Attached List

IV. PRESS PLAN

White House Photo Only

V. SEQUENCE OF EVENTS

- **YOU** will be briefed in the Oval Office

-**YOU** will proceed to the Roosevelt room

- **YOU** will greet the participants in the Roosevelt Room.

- Dr. William Friday, the Director of the Williams R. Kenan, Jr. Charitable Trust and the Steering Committee Chair for the Future of Fulbright Program will briefly describe the report, *"Fulbright at Fifty"*

- Dr. William Friday will introduce Dr. W. Robert Conner, the President and Director of the National Humanities Center and Co-Chair of the Steering Committee. He will comment on the report, *"Fulbright at Fifty."*

-Both Dr. William Friday and W. Robert Conner will present the report to **YOU** and then introduce **YOU**.

-**YOU** will make brief remarks.

13TH STORY of Focus printed in FULL format.

NPR

SHOW: ALL THINGS CONSIDERED (NPR 8:00 pm ET)

JULY 29, 1997, TUESDAY

Transcript # 97072903-212

TYPE: PACKAGE

SECTION: News; Domestic

LENGTH: 1640 words

HEADLINE: Welfare Resolutions

BYLINE: Peter Kenyon, Washington, DC; Jacki Lyden, Washington, DC

HIGHLIGHT:
The budget agreement resolves some disputes between the Whit House and Congressional Republicans about welfare. Workfare recipients -- those people who work in exchange for their welfare check -- will be guaranteed the minimum wage. And, disabled and elderly immigrants will once again be eligible for cash welfare payments. They had been excluded in the welfare reform act passed last year. Peter Kenyon reports.

BODY:

ROBERT SIEGEL, HOST: The balanced budget agreement substantially changes two elements of the welfare reform bill that was passed last summer. It restores billions of dollars in welfare payments to elderly and disabled legal immigrants and it ensures that federal labor laws, such as the minimum wage, apply to workfare jobs.

NPR's Peter Kenyon reports.

PETER KENYON, NPR REPORTER: Republicans have some big reasons to be happy with this balanced budget agreement, but the welfare section is not one of them.

U.S. REPRESENTATIVE CLAY SHAW (R-FL): Well, I think the American people got the Republican tax cut; they got the Republican Medicare save. But I think that the welfare package that came out of this -- basically, the president can say that he prevailed.

KENYON: Florida Republican Clay Shaw is the House Republican's point man on welfare reform. He was there last night when negotiators from his side, eager to get the budget agreement passed this week before the August recess begins, accepted the White House demand that states who place welfare recipients into workfare positions must pay them the minimum wage.

From Shaw's perspective, that provision could have been worse, since the welfare workers' cash assistance and food stamps will count toward the minimum wage. But the agreement also requires states to cover the payroll taxes that go with hiring a real worker -- Social Security and Medicare taxes; unemployment -- all additional costs that states object to strongly.

SHAW: And I think this is one of the big mistakes that this administration has made. We tried to correct this. The president has put his foot down, as a matter of fact, in the closing stages of the negotiations, it was made known to the negotiators that the president would actually veto the bill if we tried to eliminate the employment taxes. And the governors were really having a fit about this particular provision.

KENYON: Governors of both parties tried desperately yesterday to lobby the president when he visited the National Governors Association meeting in Las Vegas. But Mr. Clinton served notice that he wasn't moving -- at least on the pay question.

WILLIAM J. CLINTON, PRESIDENT OF THE UNITED STATES: Every one of these workers should earn the minimum wage, and I know there's been some debate about that. I've heard already from Governor Voinovich and Governor Miller what your position is.

But I just want to reaffirm that my view -- that when people go into the workplace and they earn the minimum wage, they ought to be able to earn the minimum wage. They should be eligible for the Earned Income Tax Credit. That's what I believe.

KENYON: The Earned Income Tax Credit is a tax break for low income workers. House Ways and Means Chairman Bill Archer is fiercely opposed to giving the credit to those on workfare, and Republicans said, as the final deal was being put together last night, welfare workers would not be eligible for that credit.

On the other major point of contention, Republicans gave in long ago on the question of giving back Supplemental Security Income payments to elderly and disabled legal immigrants, although conservatives had to be dragged along kicking and screaming.

In a sign of how little Republicans have to cheer about in this part of the bill, GOP lawmakers are claiming credit for covering even those immigrants the White House had proposed to exclude -- those who aren't disabled, but collect SSI solely because of their age.

Lawmakers say one reason the Republicans acquiesced is because they're tired of taking hits from Democrats, who say the GOP is hostile to minorities. Last Friday, with the welfare issue still hanging in the balance, New Jersey Democrat Robert Menendez served up from what could have been a preview of 1998 election year rhetoric.

U.S. REPRESENTATIVE ROBERT MENENDEZ (D-NJ): Republicans, however, are focused on the Latino community in this country, and we will look to what they do on this issue as a tell-tale sign as to whether or not they are going to understand that we as a community will not put up with the consequences of their policies.

KENYON: In other provisions, the agreement authorizes $1.5 billion in additional food stamp funds, not for immigrants who will still be cut off, but for states to exempt up to 15 percent of their able-bodied childless population which has already started to lose food stamps.

States will also be able to create an estimated 230,000 food stamp work slots, allowing people to work and still get food stamps. In general, Republicans say the welfare section of the balanced budget agreement represents an across-the-board defeat, wiping out large chunks of the budget savings they boasted about last year.

Shaw says this welfare compromise would never pass Congress on its own, but he has no doubt that it will sail through as long as it's linked to the GOP-backed Medicare reforms and tax cuts. But Shaw says he hasn't given up on trying to convince the White House that states shouldn't have to pay employment taxes for welfare workers.

The president may have won this round, but Shaw says there are any number of appropriations bills still to come where Republicans can take another run at the issue.

SHAW: We haven't heard the last of it. I just hope that we can get the president to sign the bill. I hope he won't veto some of the appropriations bills because we're trying to correct this. I think he probably, after talking to the governors, has some second thoughts about the position he took during the negotiations.

KENYON: Democrats say maybe, but don't count on it. They say this was a huge win for labor unions -- one that could especially benefit Vice President Gore if he runs for the White House in 2000, and the White House may want to hang onto it.

I'm Peter Kenyon in Washington.

LANGUAGE: ENGLISH

LOAD-DATE: July 29, 1997

The Balanced Budget Delivers Tax Cuts to Clean Up and Revitalize Urban Areas...

THE BROWNFIELDS TAX INCENTIVE WILL REDUCE THE COST OF CLEANING UP THOUSANDS OF CONTAMINATED, ABANDONED SITES IN ECONOMICALLY DISTRESSED AREAS by permitting clean-up costs to be deducted immediately for tax purposes. This will, in turn, encourage redevelopment of these areas. The tax incentive will be available for three years. *The Treasury Department estimates that this $1.5 billion tax incentive would leverage more than $6 billion for private sector cleanups nationwide, allowing redevelopment of 14,000 brownfields.*

THIS PROPOSAL IS A MAJOR PRIORITY FOR MANY OF AMERICA'S MAYORS. Chicago Mayor Richard Daley, writing recently on behalf of the U.S. Conference of Mayors, urged Ways and Means Chairman Archer to include the President's Brownfields proposal in the tax bill: "This is a high priority for communities across the nation." [Letter to Chmn. Archer, 6/11/97]

CREATES NEW EMPOWERMENT ZONES. Under the President's 1993 Empowerment Zones and Enterprise Communities initiative, participating communities develop a strategic plan to spur economic development, and they receive Federal tax benefits, social service grants and flexibility in use of Federal funds in order to put these plans into effect. The EZs and ECs are urban or rural areas with high poverty and unemployment rates.

- ***A Strong Start since 1994.*** The 105 communities selected as EZ/ECs in 1994 amassed over $8 billion in public-private commitments. In the six urban Empowerment Zones, the private sector has made or pledged $2 billion in new investments.

  A Second Round to Build on Successes. In response, the President proposed, and the bill includes, a second round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits from first-round EZs. They will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

...And to Move People From Welfare to Work

A WELFARE-TO-WORK TAX CREDIT. This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first $10,000 in wages in the first year of employment, and 50% of the first $10,000 in wages in the second year, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring, but also retention.

$3 BILLION TO HELP MOVE 1 MILLION PEOPLE FROM WELFARE TO WORK. Includes President's proposal to create $3 billion Welfare to Work Jobs Challenge to move long-term welfare recipients into jobs. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, transportation and other critical post-employment support services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.

PRESERVES THE MINIMUM WAGE AND OTHER LABOR PROTECTIONS FOR WELFARE RECIPIENTS MOVING FROM WELFARE TO WORK. Does not include the House-passed provision to leave workfare participants unprotected by the Fair Labor Standards Act and other employment laws.

PROTECTS WORKERS FROM DISPLACEMENT BY THOSE LEAVING THE WELFARE ROLLS, and establishes a strong process for workers to raise grievances with an independent agency.

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President Clinton Fought to Protect our Most Vulnerable People

Several provisions in last year's welfare reform bill had nothing to do with the goals of welfare reform. The President said so at the time and promised to work to correct these provisions. That's why he fought to ensure that any agreement protects the most vulnerable in our society. The President fought to better protect:

CHILDREN

KEEPING THE MEDICAID GUARANTEE. Preserves the Federal guarantee of Medicaid coverage for the vulnerable populations who depend on it, and contains additional investments to extend coverage to uninsured children. Also ensures that 30,000 disabled children losing SSI because of the new tighter eligibility criteria keep their Medicaid coverage.

LEGAL IMMIGRANTS

CURRENT RECIPIENTS. Restores both SSI and Medicaid benefits for immigrants now receiving assistance, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left helpless.

CURRENT RESIDENT NONRECIPIENTS. Does not change the rules retroactively. Immigrants in the country as of August 22, 1996 but not receiving benefits at that time who subsequently become disabled will also be fully eligible for SSI and Medicaid benefits. The budget will restore benefits to over 350,000 legal immigrants in FY 2002.

REFUGEES AND ASYLEES. Extends the SSI and Medicaid eligibility period for refugees and asylees from 5 years after entry (the limit in the welfare bill) to 7 years to give these residents more time to naturalize. Adopts Administration proposal to treat Cuban and Haitian entrants and Amerasian immigrants as refugees to preserve benefits for these groups that have endured extraordinary hardships.

POOR ELDERLY AND DISABLED, INCLUDING CITIZENS

RECIPIENTS OF STATE SSI SUPPLEMENTS. Does not include the House-passed provision that would have repealed the maintenance-of-effort requirement applying to State supplementation of SSI benefits which would have permitted States to reduce or eliminate benefits to almost 3 million poor blind, elderly and disabled individuals.

PEOPLE WHO WANT TO WORK BUT CAN'T FIND A JOB

235,000 MORE WORK SLOTS. Last year's welfare reform bill restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they were working. This move ignored the fact that finding a job often takes time. The budget bill provides nearly $1 billion for an estimated 235,000 work slots over 5 years and food stamp benefits to those who are willing to work but, through no fault of their own, have not yet found employment.

ALLOWS STATES TO EXEMPT UP TO 15 PERCENT OF THE FOOD STAMP RECIPIENTS (70,000 Individuals Monthly) WHO WOULD OTHERWISE BE DENIED BENEFITS AS A RESULT OF THE "3 IN 36" LIMIT.

5TH STORY of Focus printed in FULL format.

Cox News Service

August 04, 1997, Monday 19:37 Eastern Time

SECTION: Washington - general news

LENGTH: 534 words

HEADLINE: CLINTON: PLENTY IN BALANCED-BUDGET BILL TO ADDRESS AMERICA'SSOCIAL ILLS By MARCUS FRANKLIN

BODY:

WASHINGTON President Clinton, speaking on Monday at the National Urban League's annual conference, used the opportunity to highlight the social benefits of the balanced budget bill.

A confident Clinton assured the 2,000 or so people seated in the Washington Convention Center that the bill he's expected to sign Tuesday will help cure social ills such as low-quality education, unemployment and lack of health-care for poor children into the new millennium.

''Tomorrow's budget ... represents unprecedented opportunities and the means for all Americans to seize them,'' Clinton said. ''Our historic balanced-budget is an empowerment budget preparing Americans for the 21st Century.''

For instance, the president pointed to the $ 24 billion outlined in the budget package to provide ''health insurance for five million'' of the 10 million children without coverage.

''This is the single largest investment by the national government in health-care since the passage of the Medicaid program in 1965,'' he said.

And as for education, a top administration priority, the president said tuition tax deductions, increased Pell Grants, education IRAs and HOPE scholarships are key components of the bipartisan budget agreement the White House reached with the Republican-controlled Congress.

''We are establishing a system in which every American who's willing to study hard will be able to go on to college and to thrive in our new economy,'' he said.

Among other things, he said the budget would restore Medicaid benefits to disabled children and legal immigrants, who would also regain SSI benefits.

And under the new budget, unemployed individuals without children would be eligible for the federal food stamp program.

But noting that there is more to be done, Clinton said he also plans to make good on promises he made last year to revisit the issue, when he signed the welfare bill into law.

''Believe me,'' Clinton concluded, ''we still have not done everything we should for all of our cities and for all of our people. There will still be more work to be done, but at least the tools will be there.''

For clients of the New York Times News Service

LOAD-DATE: August 05, 1997

1ST STORY of Level 1 printed in FULL format.

The New York Times

August 6, 1997, Wednesday, Late Edition - Final

SECTION: Section A; Page 14; Column 1; National Desk

LENGTH: 1401 words

HEADLINE: President and Allies Hail 'Milestone'

BYLINE: By ALISON MITCHELL

DATELINE: WASHINGTON, Aug. 5

BODY:

With Speaker Newt Gingrich by his side, President Clinton today signed two bills he called a "true milestone for our nation" that put into place a plan to balance the Federal budget and to cut taxes for the first time since the Reagan era.

The signing ceremony on the South Lawn of the White House marked a truce between the Republicans and Democrats after two and a half years of partisan struggle on fiscal issues that led to the acrimonious Government shutdowns and veto fights of 1995. American flags dotted the lawn. A Marine band on the White House balcony played "God Bless America."

No better symbol of the mood of bipartisanship existed than the sight of the onetime bitter adversaries -- Mr. Clinton and Mr. Gingrich -- walking out of the White House together to the ceremony, along with Vice President Al Gore and Senator Frank R. Lautenberg, Democrat of New Jersey.

Despite the day's festival of cooperation, Republicans and Democrats were already starting to chart new agendas that promise battles to come over issues they failed to address in this deal, like how to reshape Medicare and Social Security to accommodate the retirement of the baby boom generation. Democrats are looking toward spending more on programs like education while Republicans want to push further with deeper tax cuts.

But for a moment they celebrated the signing of the long-sought legislation to balance the Federal budget by 2002. Surrounded by Democrats and Republicans alike, Mr. Clinton hailed the end "of years in which the deficit drained our economy and dampened our spirit."

"I believe that together we have fulfilled the responsibility of our generation to take America into a new century," Mr. Clinton said, "where there is opportunity for all who are responsible to work for it, where we have a chance to come together across all of our differences as a great American community."

Positively Reaganesque in his imagery, Mr. Clinton added, "We can say with pride and certainty that those who saw the sun setting on America were wrong. The sun is rising on America again."

Mr. Gingrich, the once-triumphant leader of the self-proclaimed Republican revolution who recently had to face down a Republican rebellion against him, thanked not just the President but the First Lady, Hillary Rodham Clinton, the Vice President and Tipper Gore for "their willingness this year coming off their victory to reach out a hand and say, 'Let's work together.' "

Mr. Gingrich called the pair of bills being signed proof "that the American constitutional system works, that slowly over time we listened to the will of the American people, that we reached beyond parties."

In a flight of rhetoric reminiscent of his headiness of old, he pledged to work with Democrats so that "we can make bipartisan progress at home and we can provide bipartisan leadership across the planet."

While Mr. Gore took his turn hailing the agreement, Representative Richard A. Gephardt of Missouri, who is expected to challenge the Vice President for the Democratic Presidential nomination in 2000, was notably absent. Mr. Gephardt opposed the balanced budget agreement as skewed to the nation's wealthy.

If the economy continues to perform as expected, the bills will eliminate the Federal deficit by 2002, and the Federal Government will have its first balanced budget since 1969.

The measures put in place more than $95 billion in net tax cuts over five years, including new tax credits for families with children, tax credits for higher education and reductions in the taxes on capital gains and estates.

More than $121 billion in savings are achieved over five years, mostly through limiting Medicare payments to doctors and hospitals. The measures also require that an additional $55 billion in savings be made through annual spending bills.

The bills include new spending as well, creating a $24 billion program to provide health care coverage for up to five million uninsured children. They would restore disability benefits for legal immigrants and some money for welfare programs that were eliminated last year in the new welfare law.

In some ways, the balanced budget agreement was as much a political milestone as a fiscal one, eliminating deficit reduction as the overarching issue preoccupying Washington and muting the sharp differences between the two parties that have existed on fiscal issues. It allows the great majority of Democrats who voted for it to say that they, too, support tax cuts, and gives Republicans the ability to say that they are in favor of education and health programs.

But already as they looked toward a 1998 election in which control of the House could be at stake, the two parties were looking for new agendas that they could play to partisan advantage.

Representative Vic Fazio, a California Democrat, said, for example, that he wanted to see Democrats make another try next year to win money for building new schools and to embrace a range of new issues on education, including the classroom performance of teachers.

"This just puts us in a new era where we have some new issues," Mr. Fazio said, "and the larger question of the balanced budget is no longer the centerpiece."

On the Republican side of the aisle, both Mr. Gingrich and Representative Bill Archer of Texas, the chairman of the House Ways and Means Committee, have spoken of seeking further tax reductions and an overhaul of the tax code. Republicans are also assembling their own education agenda.

One looming issue for lawmakers is the impending retirement of the baby boom generation and the threat that the benefits those retirees would draw could renew large deficits and push the Medicare and Social Security programs into insolvency.

Fiscal experts noted that Congress -- because of partisan distrust between House Democrats and Republicans -- failed to enact several measures that had been supported by the Senate that might have made a dent in the problem by raising the retirement age, tying Medicare premium payments to income and introducing a $5 co-payment for home health care visits.

"We are looking at a Medicare problem and a Social Security problem which will get very serious after 2010, and we chose not to take some modest steps toward addressing those problems," said Robert D. Reischauer, an economist at the Brookings Institution.

Instead, the budget law establishes a 17-member bipartisan commission charged with reporting back on ways to keep the health insurance program for the elderly solvent. The report is due in 1999 -- a year after the midterm Congressional elections and a year before the Presidential race.

In the high spirits of the day, Mr. Gingrich pledged to work with Mr. Clinton not just to name a commission "but to enact in 1999 the right savings and the right steps to reform the system for the baby boomers and their children."

Even as Mr. Clinton was celebrating the bipartisan budget agreement today, his aides were debating whether the President should use newly acquired authority to sign a spending or tax measure and then strike out specific provisions within five days.

For the second straight day, the President's senior advisers huddled at the White House examining specific narrowly focused tax breaks that he could cut and debating the politics of doing so.

Officials said they were weighing how this line-item veto would affect the bipartisan mood and examining what kind of veto might make the best legal case, because the power is expected to be challenged in court.

Earlier this year the Supreme Court held that the Congressional opponents who challenged the line-item veto authority as unconstitutional had no standing to sue. But once the President uses the power, it is assumed that another case will be brought.

Mr. Gephardt, in a letter to the President, urged him to take a stand against a tax break given to the tobacco industry, which would allow it to write off a new cigarette tax increase included in the budget legislation against the companies' liability under the proposed national tobacco settlement.

"The American taxpayer deserves better than this special interest giveaway that sidesteps public accountability through back-room deals and under-the-table favors," Mr. Gephardt wrote.

Mr. Clinton's aides said the tobacco provision was not one he was able to veto under the provisions of the line-item veto law.

GRAPHIC: Photo: After addressing a crowd gathered on the South Lawn of the White House for the ceremony marking the signing of the budget bill, President Clinton walked over to Speaker Newt Gingrich to shake hands. (Stephen Crowley/The New York Times)

LANGUAGE: ENGLISH

LOAD-DATE: August 6, 1997

77TH STORY of Level 1 printed in FULL format.

Los Angeles Times

August 4, 1997, Monday, Valley Edition

SECTION: Metro; Part B; Page 1; Zones Desk

LENGTH: 865 words

HEADLINE: FEARS RISE AS WELFARE CUTS NEAR;
POVERTY: RECIPIENTS AND SOCIAL AGENCIES SAY FUTURE IS UNCERTAIN, GIVEN THE LOSS OF BENEFITS EXPECTED UNDER REFORMS SCHEDULED TO TAKE EFFECT NEXT MONTH.

BYLINE: EFRAIN HERNANDEZ JR., TIMES STAFF WRITER

BODY:

Louisa Gourjian sees people every week who are desperately poor and overwhelmed by fear.

The threat of losing food stamps and other benefits under the new federal welfare reforms effective next month has both recipients and social service agencies on edge about the future.

"We are really scared," said Gourjian, assistant director of the Armenian Relief Society in Glendale. "Some of them are really hopeless."

Some clients, she said, are even contemplating suicide.

Other immigrant groups throughout the region are experiencing similar anxieties.

Under the federal welfare law enacted last year, an estimated 243,000 legal immigrants in California and 500,000 nationwide by late summer were likely to lose Supplemental Security Income, a cash benefit for the aged, blind and disabled. Hundreds of thousands more immigrants were expected to lose food stamps.

And although last week's budget agreement between the White House and Republican negotiators calls for the restoration of SSI checks to elderly and disabled legal immigrants, thousands of residents remain unsure of what to do next.

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Several social service workers said a rush is on now for legal immigrants to become U.S. citizens to keep from losing benefits. Their success is limited, however, because the process takes months.

In addition, residents who usually would not turn to social service agencies for help are doing so as a last resort.

Notices are going out this month informing recipients of the end of benefits, and social service agencies will become even more swamped, said Susan Ng, executive director of the Asian and Pacific Islander Council of the San Fernando Valley.

"It will be a very frustrating process, especially for people who have limited English skills," said Ng, whose Northridge-based agency acts as an information and referral service. "I think it will be a real hard time."

The welfare reform issue has been a moving target in Washington. Critics of a budget deal endorsed July 28 by the White House and Republican leaders say it undercuts welfare reform and will result in fewer welfare recipients becoming self-sufficient.

For example, some critics say, the plan extends a range of employee benefits to those who must perform public-sector and community-service jobs as a condition of aid. Others oppose allowing states to include high school and vocational students in their required efforts to put a growing proportion of welfare recipients to work.

Local activists emphasized that many immigrants already are failing to make ends meet. Many cannot find jobs. And often their difficulty speaking English is a severe handicap.

Gourjian, who has worked at the agency nine years, said conditions are the worst she has seen. One 90-year-old man was so concerned recently that he asked her to find him a job.

"Who is going to hire a 90-year-old person?" she said. "I told him it's very difficult to find him a place to work. If someone feels sorry for him. . . . That's the only kind of job I can imagine anyone giving him."

Ng said that some assistance is provided through churches, temples and community centers, but much more is needed. Residents of the Valley, for example, may turn to more established, and better staffed, agencies based in Los Angeles, she said.

"I think a lot of our people will hike over the hill and say, 'I need some help,' " she said. "We don't know how overwhelming it's going to be yet."

A UCLA study released last week on welfare recipients showed that immigrant groups vary widely in the readiness with which they turn to public assistance.

According to the study, poor immigrants from Mexico and Central America generally are less likely than the overall poor U.S. population to receive major benefits. Low-income Filipinos, Vietnamese and Cubans are relatively high users of public assistance, according to the study.

"It makes a powerful statement that government assistance is not just a Latino issue," said Dennis Kao, immigrant welfare policy coordinator for the Los Angeles-based Asian Pacific American Legal Center. "In general, there are a lot of stereotypes when it comes to welfare."

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The reasons for disparity are many, including immigration status and age, and the study does not review the potential disproportionate influence on public benefits of the nearly 7 million Mexican immigrants in the nation, by far the largest immigrant group.

Some observers said that the poverty among many Mexican and Central American immigrants is severe, meaning that their overall use of public assistance is bound to be high.

Meanwhile, the Census Bureau shows that immigrants, although many of them tend to move out of poverty over time, are much more likely to be welfare recipients than U.S.-born residents. The bureau found that more than 22% of the foreign-born live in poverty, compared with less than 13% of U.S. natives.

Jaime Flores, executive director of El Rescate social service agency in Los Angeles, said welfare reform could lead more people of all ethnicities into a "social limbo."

"All groups use it," Flores said of public assistance. "What's going to happen to these people?"

GRAPHIC: PHOTO: "We are really scared," says Louisa Gourjian, the assistant director of the Armenian Relief Society in Glendale. PHOTOGRAPHER: JOEL P. LUGAVERE / Los Angeles Times PHOTO: Arsen Bagdasarian of Glendale speaks with worker Tina Kirakosyan at Armenian Relief Society's office. PHOTOGRAPHER: JOEL P. LUGAVERE / Los Angeles Times

LANGUAGE: English

LOAD-DATE: August 4, 1997

111TH STORY of Level 1 printed in FULL format.

International Herald Tribune (Neuilly-sur-Seine, France)

August 2, 1997, Saturday

SECTION: News; Pg. 3

LENGTH: 840 words

HEADLINE: President Keeps a Pledge on Welfare;
Budget Blunts Some Tough Provisions of a 'Far From Perfect' Law

BYLINE: By Peter T. Kilborn; New York Times Service

DATELINE: WASHINGTON

BODY:

When President Bill Clinton signed the welfare bill last year, he said it was ''far from perfect,'' and pledged to ''change what is wrong.''

Slim as the odds seemed then, Mr. Clinton largely got his way in the budget agreement that both chambers of Congress have just approved. He paid a price in acquiescing to tax cuts for wealthier Americans, analysts on the left and right say, but he won major concessions in blunting some of the welfare law's toughest provisions.

The president also lost some battles. For example, he was unable to raise food-stamp allotments to families living in high-cost areas like New York City, where rent can consume more than half their income, and he won only $1.5 billion of the $4.8 billion he sought for all food-stamp spending.

Moreover, nothing changes the basic objective of the welfare law that both Mr. Clinton and Congress endorsed. It turns over most of the control of the welfare system to the states, ends the old system's womb-to-tomb entitlement to cash assistance, limits welfare payments to families to a maximum of five years and requires that welfare recipients be engaged in work or work-related activity within two years.

Besides the concessions he gained in the budget bill, however, Mr. Clinton has won some important battles over how the regulations implementing the 1996 welfare law are applied. For example, the Labor Department recently ruled that welfare recipients who take state jobs must be paid the $5.15 an hour minimum wage - a ruling that has states in the South bristling, and that the budget bill lets stand.

Elaine Ryan, director of government affairs for the American Public Welfare Association, said Mr. Clinton ''certainly got what he wanted'' for the welfare law in the budget deal.

Douglas Besharov, resident scholar at the American Enterprise Institute, said, ''The president succeeded in moving the bill much closer to his own priorities.''

Under the 1996 welfare law, noncitizens, including many who had worked in the United States and paid taxes for up to 10 years, lost Supplemental

Security Income, the welfare program for the aged and disabled poor, and Medicaid, the health-insurance program for the poor.

Now, legal immigrants who resided in the United States last Aug. 22, when the president signed the welfare bill into law, remain eligible for the programs. Only those arriving in the United States after that date remain excluded.

The budget bill gives the president another provision that he stressed in his re-election campaign last fall: a welfare-to-work tax credit.

To encourage more employers to hire and retain welfare recipients, Congress approved paying employers a 35 percent credit on wages up to $10,000, or $3,500, in the first year that those who had been on welfare remain on the job, and even more - 50 percent on the first $10,000 of their second year's wages. The Department of Health and Human Services said the plan would cost only $600 million over six years

Congress also approved $3 billion over two years in job-hunting assistance for mostly single, able-bodied adults. Under the welfare law, this group is treated more harshly than most. They are allowed food stamps only for three months every three years unless they are working.

But the budget bill permits states to exempt 15 percent of the adults from this requirement, and it allocates the $3 billion for job-hunting assistance and training, which critics say violates the welfare law's overriding objective of requiring all recipients to go to work.

The administration's biggest coup may be in the $24 billion that Congress granted over five years to extend Medicaid to half the nation's 10 million children who lack health-care coverage. Part of the cost would be paid with increases in the cigarette tax, from 24 cents a pack now to 34 cents by 2000 and 39 cents by 2002.

That and the restoration of Medicaid for legal immigrants and for some disabled children who lost it under the welfare law mark a big change in the fortunes of the working poor and of indigent families, administration officials said.

LANGUAGE: ENGLISH

LOAD-DATE: August 4, 1997

118TH STORY of Level 1 printed in FULL format.

AP Online

August 01, 1997; Friday 02:33 Eastern Time

SECTION: Washington - general news

LENGTH: 627 words

HEADLINE: Legal Immigrants Get Some Benefits

BYLINE: MICHELLE MITTELSTADT

DATELINE: WASHINGTON

BODY:

The budget deal in Congress means a half-million poor, elderly and disabled legal immigrants would not be lopped off the welfare rolls after all.

The agreement approved by resounding margins in Congress this week would reverse a part of last year's welfare law that cut off Supplemental Security Income to legal immigrants.

The legislation, which President Clinton is expected to sign next week, would allow legal immigrants who were in the country as of August 1996 to continue receiving checks, or qualify for them in the future.

''Restoring these benefits was the right thing to do,'' Sen. John Chafee, R-R.I., the leader in the effort to blunt the cuts, said at a news conference Thursday.

Noting the ''palpable fear'' in immigrant circles, Sen. Dianne Feinstein, D-Calif., said: ''I really didn't want to be part of a government that took the most frail among us and essentially cut them loose.''

SSI provides an average $425 a month for poor people who are elderly, blind or disabled.

About 350,000 immigrants now receiving disability benefits and 65,000 others projected to be added to the rolls between now and 2002 would benefit from the change, the Social Security Administration estimates.

The agency, which sent out 900,000 letters this spring notifying people they might lose benefits, now is readying letters to 400,000 to 500,000 people about the restored assistance.

But the good-news letters would not extend to legal immigrants who entered the country after Aug. 22, 1996 the date the welfare law went into effect. They, and all future arrivals, would remain ineligible.

It would have been unfair to change the rules midstream for the earlier immigrants, said Sen. Mike DeWine, R-Ohio. ''We are a nation that says if you play by the rules, these rules will not change,'' he said.

The budget deal also would not restore food stamps, which will expire for hundreds of thousands of immigrants by September. Only a handful of states have agreed to shoulder the cost of food stamps for legal immigrants after then.

''We've gotten as much as we can get,'' Chafee said.

While pleased by the victory, immigrant advocates remain deeply concerned about the imminent loss of food stamps, and also the denial of disability benefits to future arrivals.

''It's hard to be happy over winning back what you never should have lost in the first place,'' said Cecilia Munoz of the National Council of La Raza.

''We are very pleased to have come this far. Now, we want food stamps reinstated,'' she added.

LANGUAGE: ENGLISH

LOAD-DATE: August 01, 1997

Intellectual Capital.com

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August 15, 1996

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Making Unemployment Insurance Work Reforming Unemployment Insurance: Toward Greater Employment

A preview of a Levy Institute Public Policy Brief

The main goal of the present unemployment insurance system is to maintain a basic income for a limited period of time for laid-off workers who are seeking reemployment. The system assumes that layoffs will be temporary and most workers will be called back to their jobs. However, deepening recessions, technological change, corporate downsizings, and plant and company closures have resulted in greater permanent displacement of workers. The unemployment insurance system is ill equipped to assist long-term unemployed workers in the postindustrial economy. In this Public Policy Brief, Oren M. Levin-Waldman, resident scholar of the Levy Institute, proposes that the unemployment insurance system should be improved to reduce the incidence of layoffs and to help the long-term unemployed become marketable again.

Both the average duration of unemployment and the long-term unemployed as a share of the total unemployed population have increased over time. Using the Current Population Survey's 1993 annual demographic file, Levin-Waldman finds that 20 percent of the unemployed population were unemployed for 27 weeks or more (the long-term unemployed). During the postwar period the long-term unemployed as a percentage of the total unemployed peaked during recessions, but rarely returned to prerecession levels, indicating that the current problem is not only cyclical, but structural and growing. . . .

Levin-Waldman argues that what is needed is a two-tiered system that distinguishes between short-term and long-term unemployment. The system should continue to function as an insurance program for 26 weeks to allow workers to search for employment that represents the best match with their experience, skills, and credentials. The first tier of the improved system would include reforms, such as altering the employer taxes that finance UI and instituting work-sharing arrangements, to reduce short-term unemployment by reducing the incidence of layoffs. The objective is to maintain employment levels during periods of economic decline.

The second tier would include programs (such as employer-based job training) to help the long-term unemployed develop skills that would make them more marketable. Levin-Waldman's reformed system would make unemployment insurance benefits beyond 26 weeks contingent upon the worker's enrolling in a training program. The system would employ the Worker Profiling and Reemployment Service System currently used to identify unemployed workers early in their unemployment who are likely to become long-term unemployed. On the basis of their profiles, workers would be directed to services such as reemployment assessment and workshops on writing resumes and interviewing. Workers who are referred to these services would be required to participate to receive any unemployment insurance benefits.

Levin-Waldman concludes that the goal of reform is not "merely to achieve greater efficiency in facilitating reemployment, but to enhance a core value of American Society: Work."

The Jerome Levy Economics Institute of Bard College is a nonprofit, nonpartisan, independently funded research organization devoted to public service. Through scholarship and economic forecasting it generates viable, effective public policy responses to important economic problems that profoundly affect the quality of life in the United States and abroad.

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Whom Do The Food Stamp Reductions Affect?

from a Center on Budget and Policy Priorities Report

Families With Children

Under the conference agreement, families with children would absorb $18 billion -- or about two-thirds -- of the food stamp cuts over six years. In 1998, families with children would lose an average of $430 in food stamp benefits. Approximately 6.7 million families with children are projected to receive food stamp benefits in 1998.

Working Poor Households

The food stamp program provides important assistance to working poor families. In 1994, some 2.3 million food stamp households included a worker. Working poor households, including both working poor households with children and those without children, would absorb $5.4 billion -- or about

20 percent -- of the food stamp cuts over the next six years. Stated another way, working poor families would see their food stamps cut an average of $355 in 1998. By 2002, these families would lose an average of $465 per year in food stamps.

Elderly Food Stamp Recipients

Over six years, the bill would cut food stamp benefits for households that include elderly members by $2 billion. On average, the 1.75 million households with elderly members would lose $165 per year in food stamp benefits in 1998. Elderly households would lose $240 per year in 2002. In dollar terms, the average food stamp cut for elderly households is lower than for other families because elderly households typically include fewer people and, therefore, receive smaller average benefits. (Food stamp benefits vary with household size.) The bill would reduce food stamp benefits for elderly households by one-fifth.

The Poorest of the Poor: Families Below Half the Poverty Line

Half of the food stamp cuts in bill would be absorbed by the more than three million food stamp households with incomes below half of the federal poverty line. Half the poverty line for a family of three now is $6,250. In 1998, food stamp households with incomes below half the poverty line would lose an average of $650 per year in food stamp benefits. By 2002, these households would face food stamp cuts averaging $785 per year.

Non-Elderly Adults Without Children

The conference agreement is particularly harsh on non-elderly adults that are not raising children. Under the bill, households without elderly members or children would face $8.4 billion in food stamp cuts over six years. Beginning in 1999, these households would see their food stamp benefits cut by 40 percent.

Immigrants

Under the conference agreement, most legal immigrants would be made wholly ineligible for food stamps. (Illegal immigrants are already ineligible for food stamps. A study conducted for the Reagan Administration found that less than 1/100 of one percent of the people getting food stamps might be illegal aliens improperly on the program.) This provision is more severe than the immigrant provisions in last year's House welfare bill, which would have permitted food stamp benefits to continue for those legal immigrants who have been in the United States more than five years and are at least 75 years of age or who are too disabled to naturalize. The new bill includes no such exemptions and would make poor legal immigrants who are over 75 or permanently disabled ineligible for food stamp assistance.

DEMOCRATIC BUSINESS COUNCIL
LUNCH HONORING PRESIDENT CLINTON

EVENT: Democratic Business Council (DBC) lunch honoring President Clinton.

DATE / TIME: Tuesday, August 12, 1997 / 12:30 p.m.

LOCATION: Windows on Washington
1501 Washington Avenue
St. Louis, Missouri

THE DBC: The Democratic Business Council (DBC) is the principal business organization for business and labor leaders within the Democratic National Committee. The DBC, which currently consists of 2,000 members representing 47 states, was created to encourage and facilitate the continuing partnership between the business community and Democratic Party leaders.

ATTENDANCE: Estimated attendance at this event is 60 guests. VIP Guests include Missouri Governor Mel Carnahan, Senator Richard Durbin (D-IL), U.S. Rep. Richard Gephardt (D-MO/3rd), St. Louis Mayor Clarence Harman and St. Louis County Executive Buzz Westfall.

CONTRIBUTION: Guests were asked to contribute $10,000 per couple. The DNC expects to raise $250,000.
