Diana Fortuna 02/24/97 07:07:36 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc: Melinda D. Haskins/OMB/EOP

Subject: Language from old Olivia testimony

original

law

'll

Here is the whole paragraph from last week's testimony. It probably needs a new intro/beginning to make it make sense in this context. Something like: "As you work to fashion this package, we would like to recommend to you ~~certain~~ additional changes we strongly support. Th~~ese~~ changes ~~were~~ not part of our ~~own~~ technical corrections package because we had not ~~developed them sufficiently at the time our package was put together.~~" yet recognized the need for clarifying language. The change is designed to

was

Here's the old paragraph:

"The Clinton Administration is committed to an effective implementation of this historic welfare reform law that transforms the welfare system into one with tough work requirements. We have a great deal of confidence in the states, and we believe that they will use the flexibility in the law to strengthen the focus on work. We will collect all the information we can on how the states are using their dollars and we will take all the administrative actions in our power to ensure that state policies focus on work. We will also work with you and the Governors in a bipartisan fashion to ensure that each state's overall work effort meets the statute's work participation requirements. Specifically, we ~~will seek statutory language~~ making it clear that the calculation of whether a state has met the applicable participation rate shall take into account the state's success in placing in work activities participants in both TANF and maintenance of efforts programs, ~~work activities~~. I~~n addition, we will work with the states and Congress to develop legislation, if necessary, to ensure that state flexibility in maintenance of effort programs does not result in costs to the Federal government due to the potential loss of child support collections.~~"

in state

recommend the insertion of language

This clarification will protect the ~~[illegible]~~ welfare law's ~~[illegible]~~ tough work requirements, ~~[illegible]~~

~~the [illegible] [illegible] in this historic~~

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MISC. HANDWRITING

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Legislative Reference Division
Labor-Welfare-Personnel Branch

Telecopier Transmittal Sheet

URGENT

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URGENT

FROM: Melinda Haskins 395-3923

DATE: 2/25/97 TIME: 3:30 p.m.

Pages sent (including transmittal sheet): 6

COMMENTS: HHS has redrafted the OMB passback on the Golden testimony -- see pages 4-5. Is this ok?

Also, if you want to add a sentence on the "weakening of the work requirements" now's the time to do so.

TO: Ken Apfel
Elena Kagan
Diana Fortuna

Comments due to me ASAP.

Thanks.

CC: Cynthia Smith
Jeff Farkas

PLEASE CALL THE PERSON(S) NAMED ABOVE FOR IMMEDIATE PICK-UP.

DRAFT

TESTIMONY

OF

OLIVIA A. GOLDEN

ADMINISTRATION FOR CHILDREN AND FAMILIES
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE

COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
UNITED STATES HOUSE OF REPRESENTATIVES

FEBRUARY 26, 1997

Mr. Chairman and members of the Subcommittee, I am pleased to have the opportunity to appear before you today to discuss our proposed technical amendments to the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA). The Administration is committed to an effective implementation of this historic welfare reform law and our mutual effort to make technical corrections to this legislation is an important step in this process.

States and the Federal government alike are promptly implementing each of the major pieces of the Act, including those under the jurisdiction of the Administration for Children and Families -- the Temporary Assistance for Needy Families (TANF) program, child care programs for families on welfare and other low-income working families, and the child support enforcement program. We are encouraged by the early progress being made.

Section 113 of the Personal Responsibility and Work Opportunity Reconciliation Act directed the Secretary of Health and Human Services and the Commissioner of Social Security, in consultation with other federal agencies, to submit legislative proposals for technical and conforming amendments necessary to bring the statutory language into conformity with the policies embodied in this new legislation. I am pleased to report that the Administration has met that directive. On December 16, 1996, the Department of Health and Human Services joined with the Social Security Administration in submitting the technical amendment proposals required under the Act. Our package addresses technical problems in the law beginning with TANF and ending with the miscellaneous provisions in Title IX.

As part of our process for identifying and developing our proposed amendments package, we conducted a thorough review of the statute and consulted extensively with our regional offices and other federal agencies affected by the legislation such as the Department of Justice and the Department of Agriculture. We consulted with other interested parties, including State administrators, the National Governors' Association, the American Public Welfare Association, the National Conference of State Legislatures and a range of general advocates and human services providers.

We remain firmly committed to fully implementing PRWORA to fulfill the central goal of welfare reform: moving people from welfare to work. Thus, our guiding principle in developing the technical amendments package was to include only proposals that maintain the spirit and intent of the new law. We limited our focus to problems of a technical nature but which required correction to make the law work.

Using this framework, we identified 88 technical corrections which we thought were needed in PRWORA. I'd like to provide a general summary of these corrections with a few illustrative examples. Among the specific problems we identified were inconsistent terminology and date references, inconsistencies between the expressed legislative intent and statutory language, and gaps in rules during the transitional period.

In several instances, the new law inadvertently uses incorrect or inconsistent terminology. For example, the statute establishes mandatory work requirements, but uses different phrases to describe them. We have suggested proposed language to resolve such inconsistencies.

We have also proposed to conform or revise a number of dates utilized in the statute. For example, the new law requires states to "look back" to prior AFDC eligibility standards to determine eligibility for Medicaid and for Foster Care and Adoption Assistance. However, the statute utilizes two different look-back dates, June 1, 1995 and July 16, 1996, creating administrative burdens for the states. We proposed an amendment to use the July 16, 1996 look-back date for both programs.

Several of our amendments are proposed to clarify congressional intent. For example, we believe it was Congress' intent to make Indian tribes eligible for the federal loans available to the States under TANF since the law specifies that Indian tribes are subject to the penalty for failure to repay such loans. However, the section of the law which provides for the loans speaks only in terms of loan-eligible States. As such, we included an amendment to clarify that the loans are available to Indian tribes as well.

Finally, in a few instances, the transition from the previous law to the new law inadvertently left gaps in the application or coverage of various laws. For example, reporting requirements under the AFDC and JOBS programs are repealed effective July 1, 1997, and new reporting requirements do not apply to a State until the later of July 1, 1997, or 6 months after a TANF plan is submitted. This leaves a gap in reporting for States submitting TANF plans after January 1, 1997. To maintain continuity of State reporting, we propose requiring States submitting TANF plans after January 1, 1997, to make reports, following either the old or new requirements, during the transitional period.

We have been working closely with your staff to ensure that these proposals are incorporated into bipartisan legislation with broad support. While our cooperative efforts have been extremely useful in identifying additional technical amendments, we are concerned that several of our proposed corrections have not been accepted. In addition, some of the draft amendments developed by your staff may weaken the fiscal partnership envisioned in the PRWORA between States and the Federal Government. We are particularly concerned about provisions that would allow States to transfer funds to the Social Services Block Grant without proportionate transfers to child care and provisions that may undercut the maintenance of effort requirements. I hope you will reconsider these proposals before finalizing your legislation. The Administration may have additional comments on other technical amendments once a formal proposal is introduced by the Subcommittee.

~~In addition, we are concerned about the proposed reduction in the hours of work~~

I would also like to take this opportunity to reinforce the Administration's commitment to work with you and the Governors in a bipartisan fashion to ensure that each State's overall work effort meets the statute's work participation requirements and that Federal costs do not increase due to the potential loss of child support collections. Specifically, we will seek statutory language making it clear that the calculation of whether a State has met the applicable participation rate shall take into account the State's success in placing participants in work activities in both TANF and in-state maintenance of effort programs ~~work activities~~. In addition, if necessary, we will develop legislation to ensure that State flexibility in maintenance of effort programs does not result in costs to the Federal Government due to the potential loss of child support collections.

As the President has said, the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act was the beginning -- not the end -- of welfare reform. He made it clear that we all have a responsibility to cooperate to make this law work. I am pleased at the progress we have made, and we are committed to continue working with you and others in Congress to make welfare reform a success. Just as we worked together to make work and responsibility the basic principles of the new law, we must continue this bi-partisan effort to ensure that the statute clearly and effectively accomplishes our goals.

I want to thank you again for inviting me to speak with you about this very important legislation. I will be happy to answer any questions you have at this time.

I made a copy of this for you just in case.

Thx. JB

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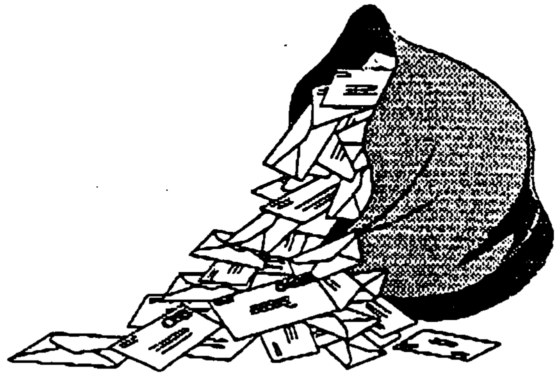
URGENT



FROM: Melinda Haskins **395-3923**

DATE: 2/12/97 **TIME:** 10:20 am

Pages sent (including transmittal sheet): 18

COMMENTS:

Here is the new draft of the Olivia Golden testimony for tomorrow's hearing. Please provide me with comments by 11:30 a.m. Thank you. (x5-3923)

TO: Ken Apfel
Elena Kagan
Lyn Hogan

* Note redraft * of "Welfare to work" text on pages 11-12.

PLEASE CALL THE PERSON(S) NAMED ABOVE FOR IMMEDIATE PICK-UP.

ID:5-3130 FEB 12.97 11:18 No.001 P.01

TESTIMONY

OF

OLIVIA A. GOLDEN
ADMINISTRATION FOR CHILDREN AND FAMILIES
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

BEFORE

COMMITTEE ON WAYS AND MEANS
SUBCOMMITTEE ON HUMAN RESOURCES
UNITED STATES HOUSE OF REPRESENTATIVES

FEBRUARY 13, 1997

Members of the Subcommittee,

I am pleased to appear before this Subcommittee today to discuss two important initiatives from the President's budget that you have identified as being of particular interest -- the President's initiatives on adoption and welfare to work. I would also like to briefly discuss the Administration's proposals addressing Medicaid and Food Stamp benefits for qualified aliens, so that you have a complete picture of the President's efforts to restore fairness to the Federal safety net programs.

My testimony will focus primarily on the adoption initiative. Carolyn Colvin, from the Social Security Administration will also be providing testimony on the Administration's budget proposals for making changes in the welfare reform provisions affecting Supplemental Security Income (SSI) eligibility for noncitizens. Given the breadth of the Administrations's immigrant proposals, I have asked Dennis Hayashi, who is leading the Department's efforts on immigration issues to accompany me. Also at the table with me is Ray Uhalde, Deputy Assistant Secretary for Employment and Training in the Department of Labor, who will respond to your questions about Welfare-to-Work.

The President's budget for FY 1998 addresses the needs of children and families in multiple ways that we believe will strengthen families, move people from welfare to work and increase self-sufficiency. The areas you have identified for this hearing are certainly important to this mission. The Welfare-to-Work initiative reaffirms and strengthens the work commitment of last year's landmark welfare reform legislation and responds to what the President cites as "our moral obligation, to make sure that people who now must work can work." The adoption initiative focuses special attention on the needs of some of our most vulnerable citizens -- children languishing in foster care -- who deserve safe and permanent families. I will address each initiative in a few moments.

First, however, I would like to touch on our progress in implementing welfare reform. I believe it is the cornerstone to realizing our key goals of work, responsibility and protecting children.

I will close my testimony by briefly addressing problems in the welfare reform legislation that are harmful to immigrants and that have nothing to do with promoting the welfare reform goals of moving people from welfare to work. The President's budget proposes to continue to provide SSI and Medicaid to vulnerable categories of legal immigrants, especially children and those who become disabled after entry. As the President said in his State of the Union address with respect to his proposed strategy to address these problems, "To do otherwise is simply unworthy of a great nation of immigrants."

Welfare Reform Implementation

The Administration for Children and Families is responsible for administering several of the programs most affected by the welfare reform legislation, including the new Temporary Assistance for Needy Families (TANF) program, child care programs for families on welfare and other low-income working families, and the child support enforcement program. States and the Federal government alike are promptly implementing each of these major pieces of the Act and we are encouraged by the early progress being made.

So far, we have received 42 TANF plans from States, territories, and tribes and 35 have been certified as complete. Many State legislatures are just now coming into session and will be addressing the TANF plans, and we expect new plans from the remaining States and amendments to plans already submitted before the July 1, 1997 implementation deadline.

Welfare reform provides States with great flexibility to ensure that welfare is a transitional system, rather than a way of life. Along with this new authority and flexibility, the new statute holds States more accountable for program performance. It includes a variety of provisions designed to ensure that States are moving people from welfare to work: penalties, performance-based funding, data collection and reporting, and research and evaluation.

On January 31, 1997, because of many States' requests for clarifications, we issued preliminary guidance concerning several issues of immediate concern, most notably the definition of which State expenditures count toward maintenance-of-effort. The guidance also addresses the definitions of "assistance," a key term in determining which expenditures are covered by certain rules, and "eligible families," a key term in determining which State resources count as maintenance-of-effort.

The Clinton Administration is committed to an effective implementation of this historic welfare reform law that transforms the welfare system into one with tough work requirements. We have a great deal of confidence in the States, and we believe that they will use the flexibility in the law to strengthen the focus on work. We will collect all the information we can on how the States are using their dollars and we will take all the administrative actions in our power to ensure that State policies focus on work. We will also work with you and the Governors in a bipartisan fashion to ensure that each State's overall work effort meets the statute's work participation requirements. Specifically, we will seek statutory language making it clear that the calculation of whether a State has met the applicable participation rate shall take into account the State's success in placing participants in both TANF and maintenance of effort programs' work activities. In addition, we will work with the States and Congress to develop legislation, if necessary, to ensure that State flexibility in maintenance of effort programs does not result in costs to the Federal Government due to the potential loss of child support collections.

As part of the development of TANF policy and guidance, we have met and continue to meet with State and local administrators and legislators and their national representatives. We also have met with advocates, and representatives of non-profit organizations and foundations, organized labor, and business organizations. These consultations have helped us to identify issues, such as the one described above, and to ensure that a wide range of perspectives are considered in the development of policy.

During these meetings we have also heard about the critical importance of child care in enabling people to move from welfare to work. We were pleased that the new law provided a substantial increase in child care funding and increased flexibility for States to design an integrated child care system to serve both families on welfare and low-income working families. We refer to the newly integrated system as the Child Care and Development Fund (CCDF). ACF moved quickly to implement the child care program changes, which became effective October 1, 1996.

Our Child Care Bureau has taken a number of steps to inform prospective grantees and other interested parties about the CCDF and to ensure the earliest possible flow of the new funds in order to provide continuity between the old and new programs. We issued new mandatory and matching funds as soon as they became available and published early policy guidance requested by States. We have held consultations with grantees and other organizations. We now are developing regulations, financial reporting forms, and other data collection forms. We also are planning for the FY 1998 grant cycle, for which States and tribes will submit applications by July 1, 1997.

We are also proud of the progress States have made in child support enforcement. In 1996, we collected a record of almost $12 billion in child support payments, and the comprehensive provisions in the welfare law are projected to increase child support collections by an additional $24 billion over 10 years.

Implementation of many of these new provisions will require the enactment of State laws. Effective dates of the new requirements vary, but typically fall within 1 to 2 years of enactment. Therefore, full implementation of the child support provisions will take place over time.

Nevertheless, many States already have implemented some of the new federal requirements. For example, in 1995 the President urged all States to implement license revocation programs. Today 43 States have done so. In addition, 35 States recently have enacted the Uniform Interstate Family Support Act, and 26 States have adopted some form of reporting new hires.

At the federal level, we have made great progress in making the expanded Federal Parent Locator Service (FPLS) a reality and we anticipate meeting the statutory deadline. Since the enactment of welfare reform, we have entered into contracts with several nationally recognized and respected vendors to help us design and develop the expanded FPLS, manage the project and enhance our quality assurance efforts, and assist us with providing training and technical assistance.

The federal Office of Child Support Enforcement is also providing technical assistance to States in implementing the other child support provisions in welfare reform. We are conducting broad consultation and outreach to program stakeholders to ensure that the promise of the legislation -- a strong child support enforcement program -- is realized.

With respect to the reforms affecting each of these programs, the Administration for Children and Families is committed to working closely with the Congress, the States and localities to ensure that families receive the supports and encouragement they need to move forward with their lives, to engage in work, and to support and nurture their children. I will now turn to the items from the President's budget that are the focus of your invitation -- the adoption and Welfare-to-Work initiatives.

The Adoption Initiative

In his radio address to the nation on December 14th, the President set an ambitious national goal: to double, by the year 2002 the number of children from the foster care system who are adopted or permanently placed annually.

In his directive to HHS on adoption, the President asked us to work with States to set numerical targets to benchmark improvement, provide technical assistance to help States in their efforts, and recognize and reward States for their success with financial incentives. With respect to the latter, we will propose providing, beginning in FY 1999, a per child financial incentive to States for increases in the number of children adopted from the public child welfare system. As we envision it, the incentive structure would result in no net cost, since increased adoptions from the public system would reduce foster care costs. This approach represents another step toward focusing on outcomes for children and families in evaluating the effectiveness of our programs.

The President's FY 1998 budget has requested $10 million to provide technical assistance to the States as they strive to find more children loving and permanent homes. The President has requested an additional $10 million to provide funding to States to identify barriers to permanency and develop targeted strategies to find permanent homes for children who have been in foster care a particularly long time. Finally, he has requested $1 million for the Department of Health and Human Services to embark on a public awareness campaign to highlight the benefits of adoption and increase the number of adoptive families.

We are strengthening our efforts on adoption because of a growing consensus that we must engage in a more concerted effort to move children to adoption or another permanent family arrangement when they are unable to return home. We know that some children are in foster care far too long awaiting adoption. Last winter, I visited the White House with a teenager who had been in several foster placements over the course of many years. She described the longing that she felt to have a family of her own, but her hopes were fading as she got older and no family could be found. I am pleased to report that this young woman was adopted last year, partially as a result of the attention that her plight received. However, she represents thousands of other children in the public child welfare system who still face multiple barriers to permanence.

Currently, 100,000 of the 450,000 American children in foster care will not be able to return home. Yet, in 1995, only 20,000 children were adopted; another 7,000 children were placed in permanent guardianships. There are multiple barriers to permanence for children in foster care which include a system overwhelmed with serious cases, procedural delays in agencies and the courts and a dearth of potential adoptive families. Underlying and compounding these barriers is the complexity and gravity of the placement decisions that must be made for each child and family in crisis. The President emphasized in his directive that placing children in nurturing families is a responsibility that requires a commitment from Federal, State, and local governments, as well as community, business, and religious groups.

States and communities all over the country are implementing innovative techniques, as we learned when we consulted with hundreds of State, county, and tribal leaders, foster care and adoption professionals, judges, foundations, and intergovernmental organizations in developing our report to the President. They have asked us to explore further with them innovative practices like concurrent planning for children in care, family mediation, and voluntary relinquishment counseling for parents.

We will build on this momentum and continue to look for ways to

- reduce barriers to permanency in Federal law and regulations through biparLisan collaborative efforts

- shorten the time required to move children to permanence

- reduce procedural barriers and promote practices that move children to permanency more quickly by examining a number of policy issues, such as reasonable efforts to ensure permanency and policies on timing and purpose of dispositional hearings.

The recent Congressional actions, the President's initiative, the willingness to work together at all levels of government and innovations in the field make our goals more achievable. We look forward to working with the Congress to realize these goals for children.

Welfare-to-Work Initiative

The enactment of PRWORA makes a dramatic and fundamental shift from a welfare system that too often fostered dependence to a new system that promotes independence and work. To realize the full potential of this new law, welfare recipients must take on major new responsibilities to prepare for and accept work. States and cities must exercise the flexibility provided to undertake new and innovative approaches to preparing recipients for self-sufficiency and work. Private businesses, religious organizations and community groups must join in the President's challenge to create jobs for those hardest to place. Finally, we urge Congress to join with the Administration in enacting two critical additions -- the Welfare to Work Jobs Challenge and an enhanced Work Opportunity Tax Credit.

These elements provide the tools for an effective welfare to work strategy and help us make the promise of welfare reform real. This Administration is dedicated to the realization of that promise.

The Welfare to Work Jobs Challenge proposed by the President is designed to help States and cities move a million of the hardest-to-employ welfare recipients into lasting jobs by the year 2000. It provides $3 billion over 3 years in mandatory financing through the Department of Labor for job placement and job creation. States and cities can use these funds to provide subsidies and other incentives to encourage private business to hire welfare recipients.

The Jobs Challenge will make it possible for many welfare recipients to do what most want to -- work. It will empower individuals with the skills and information necessary to get jobs in the private sector and keep them. To be successful, it requires strong private sector support. The President recently suggested that communities should use "employment councils" like the one in Kansas City to help in meeting the requirements of welfare reform. Under the Job Training Partnership Act, 640 similar councils in place across the country engage over 10,000 private sector volunteers in overseeing the training and placement into jobs of welfare recipients, other low income adults and youth, as well as dislocated workers. We anticipate that States and communities will actively engage these councils in meeting the Jobs Challenge.

It is now widely recognized that a more targeted job placement and creation measure is needed to supplement the TANF Block Grant if we are to make welfare reform work. The Jobs Challenge is intended to meet this need. We look forward to working closely with the Congress in exploring ways to assist States and localities in helping welfare recipients who can't find jobs on their own transition from welfare into real private sector jobs.

The President's FY 1998 budget would also greatly enhance and target the Work Opportunity Tax Credit to provide powerful, new private-sector financial incentives to employers to create jobs for long-term welfare recipients. The enhanced Work Opportunity Tax Credit would allow employers to claim a 50-percent credit on the first $10,000 a year of wages, for up to two years, for workers that they hire who were long-term welfare recipients. In addition, the President proposes to expand the existing tax Work Opportunity Tax Credit to include able-bodied childless adults aged 18 to 50, who, under the Administration's Food Stamp proposal, would face a more rigorous work requirement in order to continue to receive Food Stamps.

Another major focus for the Administration is to change parts of the welfare reform law that have nothing to do with welfare reform. When the President signed the Welfare Reform bill he made clear his disappointment with the harsh benefits to immigrants provisions in the bill. The President stated:

"My Administration supports holding sponsors who bring immigrants into this country more responsible for their well-being. Legal immigrants and their children, however, should not be penalized if they become disabled and require medical assistance through no fault of their own."

The President's FY 1998 budget makes good on this promise to correct provisions that were included to save money, and which burden States and punish children and the disabled. We are pleased that the governors, in an NGA resolution several weeks ago, agreed -- we must not balance the budget on the backs of States or legal immigrants.

Today, you will also be hearing from the Social Security Administration about this key Administration proposal. I would also like to make a few points about why this action is so important.

The welfare law denies most legal immigrants access to fundamental safety net programs unless they become citizens -- even though they are in the U.S. legally, are working and paying taxes and are responsible members of our communities. The Administration has always supported making individuals who encourage their relatives to emigrate to the United States more responsible for the immigrants well being. However, as a nation, we should not turn our backs on anyone who has lost their ability to earn a living due injury, disease or illness. The nation should protect legal immigrants and their families -- when they suffer accidents or illnesses that prevent them from earning a living. Consequently, the budget proposes to make legal immigrants who become disabled after entering the United States eligible for SSI and Medicaid. This proposal would allow 320,000 legal immigrants to receive SSI and Medicaid benefits.

The budget would also provide poor immigrant children the same Medicaid health care coverage low income citizen children receive. These children are permanent members of our nation and it is in our self interest to provide them with the same quality of health care as other children.

The budget would lengthen the five year exemption for refugees from the ban to seven years in order to give them a more appropriate amount of time to naturalize. The United States admits refugees and asylees into this country on a humanitarian basis. It is a matter of simple decency to provide assistance to this population while they adjust to their new circumstances.

In addition, the Administration is proposing to delay the prohibition against legal immigrants receiving Food Stamps. The Administration proposes to delay the ban on Food Stamps for legal immigrants until the end of FY 1997 in order to give legal immigrant families, elderly and disabled more time to naturalize.

Conclusion

In closing, I would like once again to thank you for your support on behalf of children living in poverty and children in our nation's child welfare system. I look forward to our continued work together as we seek to realize the goals of independence for every family and safety, permanence, and well-being for every child.

My colleagues and I would be happy to answer any questions you have at this time.

OFFICE OF MANAGEMENT AND BUDGET

Legislative Reference Division
Labor-Welfare-Personnel Branch

URGENT

Telecopier Transmittal Sheet

Ken? p3

FROM: Melinda Haskins **395-3923**

DATE: 2/12/97 **TIME:** 4:15 p.m.

Pages sent (including transmittal sheet): 9

COMMENTS:

Here is the proposed "final" of the Colvin testimony. Comments due to me ASAP.

TO: Diana Fortuna

cc: Jack Smalligan

PLEASE CALL THE PERSON(S) NAMED ABOVE FOR IMMEDIATE PICK-UP.

ID: FEB 12 '97 17:19 No.015 P.01

DRAFT

Mr. Chairman and Members of the Subcommittee:

I am Carolyn Colvin, Deputy Commissioner for Programs and Policy of the Social Security Administration, and I will discuss the Administration's budget proposals for making changes in the welfare reform provisions affecting Supplemental Security Income (SSI) eligibility for noncitizens. I also would like to bring you up to date on SSA's progress with the implementation of the welfare reform provisions relating to noncitizens.

At the outset I want to emphasize that the President remains committed to welfare reform and to the core issues related to his welfare-to-work initiative that he has supported in the past and that he has strengthened in this year's budget. The President, however, is concerned with the provisions of the law that deny most legal immigrants access to fundamental safety net programs, even though legal immigrants were admitted into this country as full members of our community and they work and pay taxes.

Budget Proposal

When President Clinton signed the welfare reform legislation into law, he said that:

> We should not be punishing people who are working for a living already; we should do everything we can do to lift them up and keep them at work and help them support their children. We also believe that the congressional leadership insisted on cuts in programs for legal immigrants that are far too deep.

The President reiterated this message in his State of the Union address:

> And we must join together to do something else, too, something both Republican and Democratic governors have asked us to do: to restore basic health and disability benefits when misfortune strikes immigrants who came to this country legally, who work hard, pay taxes, and obey the law. To do otherwise is simply unworthy of a great nation of immigrants.

The proposal in the President's FY 1998 budget would make exceptions to the restrictions in the SSI and Medicaid programs for certain noncitizens who become blind or disabled after their entry into the United States and allow SSI and Medicaid eligibility for immigrant children on the same basis as citizen children. The proposal also would extend the 5-year eligibility limit to 7 years for refugees, asylees, and noncitizens who have had their deportations withheld.

<u>Overview of Welfare Reform Provisions</u>

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 contains provisions that severely restrict the participation of noncitizens in the SSI program. These provisions include general bars to SSI eligibility. It also includes provisions requiring the "deeming" of a sponsor's income and resources to a noncitizen and obliging a sponsor to reimburse the government for benefits paid to the noncitizen. Although refugees, asylees, and noncitizens whose deportations have been withheld under section 243(h) of the Immigration and Nationality Act (INA) may continue to be eligible for SSI, the new law limits their eligibility to only the first 5 years after they are granted such immigration statuses.

Legal immigrants may be eligible for SSI if they meet one of the SSI eligibility categories in welfare reform--i.e., they earn or can be credited with 40 quarters of work or if they are members of the military or veterans (and certain of their family members). In addition, the welfare reform provisions relating to sponsor-to-immigrant deeming and the sponsor's obligation to reimburse the Federal Government for any SSI benefits provided immigrants during the deeming period would apply.

Under welfare reform rules, only about one-quarter of the lawful permanent residents who received SSI in 1996 would meet one of the new SSI eligibility categories. Of the noncitizens on the rolls, 255,000 (33 percent) are disabled and under age 65, 321,000 (40 percent) are aged 65-75 and 227,000 (27 percent) are over age 75.

Exemption for Immigrants With Disabilities and Children

The President's proposal would provide SSI and Medicaid eligibility for individuals who meet the definition of "qualified alien"[1] in the welfare reform legislation if their blindness or disability began after they were admitted to the United States. The proposal also would provide immigrant children the same access to SSI and Medicaid as our nation provides citizen children. Noncitizens who do not meet the "qualified alien" definition and persons who are in the country illegally or temporarily would not be eligible for SSI.

transition

Many legal immigrants may face unforeseen problems before they can naturalize. Our country should assist legal immigrants and their families when an accident or disabling illness prevents them from supporting themselves.

We must remember that these individuals who receive SSI on the basis of disability have severe medical impairments, little or no income or resources of their own, and limited (if any) earnings capacity. In fact, in order to be considered disabled for SSI, an individual must have a mental or physical impairment so severe that it prevents him or her from doing any work for a period of 12 months or would result in his or her death.

As examples, an immigrant who was paralyzed in a construction site accident, or an 80 year old immigrant widow with alzheimers who has outlived all her citizen children and is in a

[1] Section 431 of Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) defines "qualified alien" as lawful permanent residents, refugees, asylees, aliens whose deportations are withheld, parolees, conditional entrants, and certain aliens who have been battered or subjected to extreme cruelty.

nursing home, or a young immigrant who develops inoperable cancer and is unable to work would be eligible for support. The Administration believes we should not abandon individuals in these circumstances.

In addition to the compelling needs of the affected immigrants, the Administration's proposal will prevent a substantial cost shift to State and local government, churches and nonprofit organizations. The nation's governors identified this problem and in a statement by the National Governors' Association urged "Congress and the administration to work in partnership with the National Governors' Association to ensure that the immigration system and its requirements are fair to both citizens and noncitizens and meet the needs of aged and disabled legal immigrants who cannot naturalize and whose benefits may be affected."

The Administration continues to support holding the sponsors of immigrants responsible for those they bring into the country. Sponsors generally sign affidavits of support for those they sponsor. The Administration supported making these affidavits of support legally enforceable documents. The Immigration reform legislation enacted in September last year included this provision. The Administration continues to believe that sponsors should be held responsible for the financial support of immigrants in most situations.

However, the Administration is concerned that when a sponsored immigrant experiences an unforeseen disability after entry into the United States, the potential financial impact on the sponsor could be devastating. If an illness or accident occurs that makes the immigrant unable to work, the sponsor would be liable not only for the immigrant's basic needs but also for the cost of his or her medical care and other expenses attributable to disability. Such expenses may be beyond the sponsors' means.

The President's proposal addresses this potentially adverse effect by allowing SSI and Medicaid eligibility and removing the deeming requirements, the 5-year ban, and the obligation of sponsors to reimburse the Federal Government for any SSI benefits received by immigrants who became disabled after entering the country.

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While the President's proposal would permit SSI and Medicaid eligibility to children as well as adults who become disabled after they enter the country, the proposal also addresses the needs of children who are already disabled when they enter the country. Under the proposal, disabled individuals who enter the United States as lawful permanent residents before they are aged 18, would be eligible for SSI and Medicaid, and the exemptions for deeming and sponsor reimbursement would apply.

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In a number of cases, disabled children who enter the country would do so accompanying their parent. Thus, even though sponsor-to-immigrant deeming would not apply, the child's parent's income and resources would be taken into account in determining the child's need for benefits.

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The proposal creates a safety net for disabled children. Unlike adults who can become U.S. citizens after they have lawfully resided in the country for a specified number of years, children cannot naturalize on their own until they reach age 18. Naturalization of one noncitizen parent can be accompanied by naturalization of the child. If both parents naturalize, the child automatically derives citizenship. Thus, if something happens to their noncitizen parents, these disabled children would have no means of support and could not otherwise be eligible for SSI until they became U.S. citizens.

Refugees and Asylees

The President's budget proposal also includes a provision for extending the time limit for SSI eligibility from 5 to 7 years for refugees, asylees, and individuals who have had their deportations withheld under section 243(h) of the INA.

Individuals in these three immigration categories are in the United States because they have been subjected to persecution in their homelands because of their race, religion, nationality, membership in a particular social group or political opinion. An estimated 135,000 SSI beneficiaries are in these categories. They often have suffered much hardship and arrive in the country with little or no resources. If they are aged, blind, or disabled they may be eligible for SSI, Medicaid, and other programs for a period of 5 years after they are granted refugee, asylee, or deportation withheld status. Before welfare reform legislation, there was no restriction on the length of time that they could receive benefits. Now they are eligible for SSI for only a period of 5 years after entering the country.

Generally, immigrants who have been in the United States for 5 years may apply for citizenship. Although INS accepts naturalization applications up to 3 months before the 5 year requirement is met, the naturalization process can take up to 6 months and, in some areas of the country, can be of even longer duration. Currently, the process is running much longer due to record application volume and additional procedures recently implemented. Thus, individuals who entered the United States as refugees, asylees, or who have had their deportations withheld, are very likely to lose their SSI eligibility even if they apply for citizenship at the earliest possible date. Such immigrants generally do not have sponsors and would have nowhere to turn for assistance in the interim. The proposal would allow sufficient time for them to become U.S. citizens without an interruption in their SSI benefits. INS?

Now that I've described the President's proposal let me turn to SSA's efforts in implementing the noncitizens provisions in welfare reform.

Implementation of Noncitizens Provisions in Welfare Reform

In planning for carrying out the noncitizens provision in welfare reform, SSA has put together a team made up of representatives from virtually every SSA component. The team has been meeting since August 1995, and has devoted innumerable hours to policy and operational issues involved with the provisions. Implementation policies have been coordinated with other Federal agencies such as the Department of Agriculture, The Department of and Health and Human Services (including the Health Care Financing Administration), and the Immigration and Naturalization Service (INS).

Numbers of Noncitizens Affected

Before I begin describing our implementation strategy, I would like to give you an idea of how many noncitizens on the SSI rolls would lose eligibility if the prohibition on SSI eligibility remains unchanged.

how do you know?

were

As of October 1996, there were 803,030 noncitizens receiving SSI. Nearly three-quarters of them are lawful permanent residents. The remainder are mostly refugees and asylees. Given the fact that applications for U.S. citizenship are at an all-time high, a number--perhaps a significant number--of the noncitizens who currently receive SSI will be citizens by the end of the summer.

SSA estimates that in the first full year of the prohibition (FY 1998), about 500,000 noncitizens will lose SSI eligibility. Noncitizens who remain on the rolls will be refugees and asylees who have not been in the country for 5 years, lawful permanent residents who have earned 40 quarters of coverage or who can be credited with 40 quarters earned by their spouses or parents, and military personnel, veterans, and their spouses and children.

Identifying Beneficiaries Potentially Affected

The major task that we faced in implementing the new law was to identify those SSI recipients who are to be made ineligible by the legislation. First we made sure that our records concerning immigration statuses were current. It wasn't until last fall that SSA was able to change the codes that indicated which immigration status an individual was in if he or she changed statuses. For example, if a person was a refugee when first eligible for SSI, he or she would still have been shown as a refugee even if he or she subsequently became a U.S. citizen. In addition, prior to 1981, SSA's computer records did not contain information about an SSI recipient's citizenship or immigrant status. When we began, we had an estimated 1.4 million SSI recipients in our records shown as either noncitizens or citizens whose citizenship had not been verified.

In order to correct our records, we initiated a series of computer matches. We matched the SSI records with our Social Security number records and the INS naturalization records. These matches allowed us to establish U.S. citizenship for approximately 320,000 recipients. We also matched SSI records of noncitizens to SSA's earnings records to determine which lawful permanent residents had earned 40 quarters of coverage and, thus, would be exempt from the SSI ban. In addition, as I mentioned, we are now able to update the SSI records when individuals bring proof of their citizenship status into our field offices. All of these efforts have left us with approximately 900,000 SSI beneficiaries who are either noncitizens or citizens who have not yet had their citizenship verified.

Informational Notices

Our next task is to notify the approximate 900,000 individuals of the new SSI eligibility provisions before March 31, 1997, as required. As you may know, we began mailing the first notices last week. Because of other workloads relating to the welfare reform provision on SSI benefits for disabled children and an earlier provision eliminating SSI benefits on the basis of drug addiction and alcoholism, we are sending the notices on a staggered basis of about 112,500 per week over an 8 week period. All these "informational" notices will be in the hands of the beneficiaries by the statutory deadline. It is important to note that this mailing is only the first of two notices that noncitizens will receive before their benefits stop.

The informational notices include a list of the categories of noncitizens who may continue to be eligible for SSI and explain what an individual has to do to prove that he or she is in one of the categories. The notices also say that SSA may be able to help the individuals get the proofs they need. We have put the most important message right at the top of the notice. That is, if it cannot be proven that a noncitizen is in one of the SSI-eligible categories, his or her SSI benefits may stop.

There are three different versions of this first notice tailored to individual circumstances. The notice going to beneficiaries shown on our records as noncitizens asks them to contact SSA within 90 days if they think that they may be in one of the SSI-eligible categories. The notice going to persons whose citizenship status has not been verified and to noncitizens who are likely to remain eligible[2] tells them that we have to update our records and will be contacting them at a later date. The third version of the notice is being sent to refugees and asylees who have not been in the United States for 5 years. This notice will say that their SSI eligibility is now time limited and that we will contact them again shortly before the time-limit expires.

All of the notices include an enclosure in eight languages, including English, explaining that it includes very important information about SSI eligibility and if they cannot read English, they should take it to someone who can read it to them right away. Spanish

Individuals responding to these informational notices will create a large workload for SSA's field offices. In order to alleviate some of this workload and to provide better service to our customers, we have established 22 interviewing centers in areas across the country where large populations of noncitizen SSI recipients live such as Los Angeles, the central

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[2] For example, they receive Social Security benefits but we need to determine whether they have 40 quarters.

valley of California, Miami, and New York. SSA has hired over 1,000 temporary employees to assist with implementation of the welfare reform provisions. Of these 195 will be assigned along with experienced SSA employees to staff the interviewing centers. Notices being sent to recipients in these areas will include the address and hours of operation for the center nearest them.

Individuals who provide proof of their continuing eligibility for SSI will receive a notice from SSA verifying their eligibility.

<u>Planned Action Notices and Suspensions</u>

Individuals who *do not* contact SSA or who *do not* provide proof of continuing eligibility after they receive their informational notice will receive a second notice; a notice of planned action (NPA) informing them that their SSI benefits will stop. NPAs also will be sent out on a staggered basis. Noncitizens who received the informational notices in February will receive the NPA in July and those who received informational notices in March will receive the NPA in August. The NPA will state that benefits will stop the following month (August or September, as applicable).

Under our longstanding, due process rules, the NPA will tell individuals exactly why their benefits are being stopped and advise them of their appeal rights. If an individual requests appeal with 10 days of receipt of the NPA, benefits will be continued until a decision is made at the initial level of appeal. Although benefit continuation applies only if the individual files an appeal within 10 days, he or she may appeal the determination at anytime within 60 days after receipt of the notice.

We have made the policy decision that the stopping of an individual's benefits in these cases will permit us to reinstate an individual's eligibility if, within 12 months from the suspension date, he or she becomes naturalized. The reinstatement would be effective as of the date of naturalization. While this may seem a mere technicality, it assures that former SSI recipients who become citizens will not have to go through the full SSI application process (including a disability determination in disability cases) and will again get SSI benefits as soon as possible after letting us know that they have been naturalized. This policy decision also illustrates SSA's commitment to implementing these changes in a way that is fair and causes as little stress as possible for our aged, blind and disabled beneficiaries.

Conclusion

Clearly, SSA and other Federal agencies have faced a huge task in implementing the provisions in the welfare reform legislation.

In conclusion, while we are working to implement the law, we strongly support and hope Congress will act of the Administration's proposal. The provisions relating to noncitizen

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eligibility for SSI that were contained in welfare reform are unnecessary to further the goal of welfare-to-work. The SSI and Medicaid provisions summarily cut children and disabled individuals off of benefits, putting at risk individuals who are permanent members of our society. The President proposes to restore eligibility for children and those disabled after entry.

Thank you for the opportunity to discuss these very important issues. I will be happy to answer any questions that you may have.

URGENT

Total Pages: 14

LRM ID: MDH8

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001

Tuesday, February 11, 1997

LEGISLATIVE REFERRAL MEMORANDUM

TO:	Legislative Liaison Officer - See Distribution below
FROM:	Janet R. Forsgren (for) Assistant Director for Legislative Reference
OMB CONTACT:	Melinda D. Haskins
	PHONE: (202)395-3923 **FAX:** (202)395-6148
SUBJECT:	Social Security Administration Proposed Testimony on President's FY98 Budget Proposals Affecting SSI Eligibility for Non-Citizens
DEADLINE:	**3 PM Tuesday, February 11, 1997**

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS: Attached is SSA Testimony (Colvin) on the President's FY98 Budget proposals that would affect SSI eligibility for non-citizens. This testimony will be delivered before the House Human Resources Subcommittee on Thursday, February 13th. (As you are aware, HHS (Golden) will also be testifying at this hearing.)

This deadline is firm.
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LRM ID: MDH8 SUBJECT: Social Security Administration Proposed Testimony on President's FY98 Budget Proposals Affecting SSI Eligibility for Non-Citizens

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RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:
(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
(2) sending us a memo or letter
Please include the LRM number shown above, and the subject shown below.

TO: Melinda D. Haskins Phone: 395-3923 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: ______________________ (Date)

______________________ (Name)

______________________ (Agency)

______________________ (Telephone)

The following is the reponse of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _________

_____ Other: ______________________

_____ FAX RETURN of _____ pages, attached to this reponse sheet

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SSA TESTIMONY
FOR FEBRUARY 13 HEARING ON
ADMINISTRATION'S BUDGET PROPOSALS
BEFORE
WAYS AND MEANS
HUMAN RESOURCES SUBCOMMITTEE

Mr. Chairman and Members of the Subcommittee:

I am Carolyn Colvin, Deputy Commissioner for Programs and Policy of the Social Security Administration, and I will discuss the Administration's budget proposals for making changes in the welfare reform provisions affecting Supplemental Security Income (SSI) eligibility for noncitizens. I also would like to bring you up to date on SSA's progress with the implementation of the welfare reform provisions relating to noncitizens.

At the outset I want to emphasize that the President remains committed to welfare reform and to the core issues related to his welfare-to-work iniatiative that he has supported in the past and that he has strengthened in this year's budget. What concerns the President, however, is the SSI provisions which bar all aged, blind, and disabled noncitizens from benefits. Of the noncitizens on the rolls, 33 percent are disabled and under age 65, 40 percent are aged 65-75, and 27 percent are over age 75. In other words, over 227,000 of the noncitizens potentially losing SSI this summer are over 75 years old.

Budget Proposal

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 contains provisions that severely restrict the participation of noncitizens in the SSI program. These

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provisions include general bars to SSI eligibility. It also includes provisions requiring the "deeming" of a sponsor's income and resources to a noncitizen and obliging a sponsor to reimburse the government for benefits paid to the noncitizen. Although refugees, asylees, and noncitizens whose deportations have been withheld under section 243(h) of the Immigration and Nationality Act (INA) may continue to be eligible for SSI, the new law limits their eligibility to only the first 5 years after they are granted such immigration statuses.

When President Clinton signed the welfare reform legislation into law, he said that:

> We should not be punishing people who are working for a living already; we should do everything we can do to lift them up and keep them at work and help them support their children. We also believe that the congressional leadership insisted on cuts in programs for legal immigrants that are far too deep.

The President reiterated this message in his State of the Union address:

> And we must join together to do something else, too, something both Republican and Democratic governors have asked us to do: to restore basic health and disability benefits when misfortune strikes immigrants who came to this country legally, who work hard, pay taxes, and obey the law. To do otherwise is simply unworthy of a great nation of immigrants.

The proposal in the President's FY 1998 budget would make exceptions to the restrictions in the SSI program for certain noncitizens who become blind or disabled after their entry into the United States and allow SSI eligibility for children who are disabled before their entry.

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The proposal also would extend the 5-year eligibility limit to 7 years for refugees, asylees, and noncitizens who have had their deportations withheld.

Disability Exemption

Under welfare reform rules, an estimated 75 percent of the lawful permanent residents who received SSI in 1996 *would not be eligible.* We must remember that these individuals who receive SSI on the basis of disability have severe medical impairments, little or no income or resources of their own, and limited (if any) earnings capacity. In fact, in order to be considered disabled for SSI, an individual must have a mental or physical impairment so severe that it prevents him or her from doing any work for a period of 12 months or would result in his or her death.

The President's proposal would provide SSI eligibility for individuals who meet the definition of "qualified alien"[1] in the welfare reform legislation if their blindness or disability began after they were admitted to the United States. The proposal also would restore the SSI eligibility of children who were disabled before they entered the country. Noncitizens who do not meet the "qualified alien" definition and persons who are in the country illegally or temporarily would not be eligible for SSI.

Most lawful permanent residents have sponsors who sign affidavits of support allowing them to enter the United States. Moreover, U.S. immigration policies have generally favored efforts at family reunification. Under the previous rules, people who immigrated believed it

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[1] Section 431 of Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) defines "qualified alien" as lawful permanent residents (LPRs), refugees, asylees, aliens whose deportations are withheld, parolees, conditional entrants, and certain aliens who have been battered or subjected to extreme cruelty.

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was acceptable to bring their aged parents to the United States in order to be near them. ? Whether or not they planned on using the SSI program as primary financial support or whether changes in their financial circumstances caused them to look to SSI for help is not clear. The point is that immigrants currently receiving benefits played by the rules then in effect. It seems unfair to subject them to new rules that undermine their economic independence and may adversely affect their health and well being.

In recognition of the growing evidence that some sponsors were not truly living up to their avowal to support the immigrant (even parents or other close relatives), the immigration reform legislation enacted in September last year included a provision that makes sponsors affidavits of support legally enforceable documents. The Administration supported this provision and continues to believe that sponsors should be held responsible for the financial support of immigrants in most situations.

Noncitizens who were blind or disabled *before* they entered the United States may be eligible for SSI if they meet one of the SSI-eligibility categories in welfare reform--i.e., if they earn or can be credited with 40 quarters of work or if they are members of the military or veterans (and certain of their family members). In addition, the welfare reform provisions relating to sponsor-to-immigrant deeming, the 5-year ban on eligibility for most lawful permanent residents, and the sponsors' obligation to reimburse the Federal Government for any SSI benefits provided immigrants during the deeming period would apply[2]. We think that it is appropriate to hold the sponsor responsible in these cases since they would have known the financial obligations that they were taking on with regard to the inability of the immigrants who entered the country disabled to be able to support themselves.

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[2] Not all of these provisions apply to all noncitizens. Some of the provisions include exceptions. For example, lawful permanent residents with 40 quarters are exempt from deeming and military personnel/veterans are exempt from the 5-year ban.

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However, the Administration is concerned that in the case of an unforeseen disability that occurs *after* the new, legally enforceable sponsorship agreement has been signed and after an immigrant's entry into the United States, the potential financial impact on the sponsor could be devastating. If an illness or accident occurs that makes the immigrant unable to work, the sponsor would be liable not only for the immigrant's basic needs but also for the cost of his or her medical care and other expenses attributable to disability. Such expenses may be beyond the sponsors' means.

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The President's proposal addresses this potentially adverse effect by allowing SSI eligibility and removing the deeming requirements, the 5-year ban, and the obligation of sponsors to reimburse the Federal Government for any SSI benefits received by immigrants who became disabled after entering the country.

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all children?

While the President's proposal would permit SSI eligibility to children as well as adults who become disabled after they enter the country, the proposal also addresses the needs of children who are already disabled when they enter the country. Under the proposal, disabled individuals who enter the United States as lawful permanent residents before they are aged 18, would be eligible for SSI, and the exemptions for deeming and sponsor reimbursement would apply.

In a number of cases, disabled children who enter the country would do so under the sponsorship of their parent. Thus, even though sponsor-to-immigrant deeming would not apply, the child's parent's income and resources would be taken into account in determining the child's need for benefits.

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The proposal creates a safety net for disabled children. Unlike adults who can become U.S. citizens after they have lawfully resided in the country for a specified number of years,

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children cannot naturalize until they reach age 18. Thus, if something happens to their sponsors, these disabled children would have no means of support and could not otherwise be eligible for SSI until they became U.S. citizens.

<u>Refugees and Asylees</u>

The President's budget proposal also includes a provision for extending the time limit for SSI eligibility from 5 to 7 years for refugees, asylees, and individuals who have had their deportations withheld under section 243(h) of the INA.

Individuals in these three immigration categories are in the United States because they have been subjected to (or have a well-founded fear that they would be subjected to) persecution in their homelands because of their race, religion, nationality, membership in a particular social group or political opinion. An estimated 15,000 to 17,000 SSI beneficiaries are in these categories. They often have suffered much hardship and arrive in the country with little or no resources. If they are aged, blind, or disabled they may be eligible for SSI for a period of 5 years after they are granted refugee, asylee, or deportation withheld status. Before welfare reform legislation, there was no restriction on the length of time that they could receive benefits.

Generally, immigrants who have been in the United States for 5 years may apply for citizenship. Although INS accepts naturalization applications up to 3 months before the 5 year requirement is met, the naturalization process can take up to 6 months and, in some areas of the country, can be of even longer duration. Thus, individuals who entered the United States as refugees, asylees, or who have had their deportations withheld, are very likely to lose their SSI eligibility even if they apply for citizenship at the earliest possible date. Such immigrants generally do not have sponsors and would have nowhere to turn for assistance in the interim.

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The proposal would allow sufficient time for them to become U.S. citizens without an interruption in their SSI benefits.

Now that I've described the President's proposal let me turn to SSA's efforts in implementing the noncitizens provisions in welfare reform.

Implementation of Noncitizens Provisions in Welfare Reform

In planning for carrying out the noncitizens provision in welfare reform, SSA has put together a team made up of representatives from virtually every SSA component. The team has been meeting since August 1995, and has devoted innumerable hours to policy and operational issues involved with the provisions. Implementation policies have been coordinated with other Federal agencies such as the Department of Agriculture, The Department of and Health and Human Services (including the Health Care Financing Administration), and the Immigration and Naturalization Service (INS). Let me emphasize that the Administration is committed to implementing the changes as humanely as possible.

<u>Numbers of Noncitizens Affected</u>

Before I begin describing our implementation strategy, I would like to give you an idea of how many noncitizens on the SSI rolls would lose eligibility if the prohibition on SSI eligibility remains unchanged.

As of December 1996, there were 724,900 noncitizens receiving SSI. Nearly three-quarters of them are lawful permanent residents. The remainder are in the category of "permanently residing under color of law," which is comprised mostly of refugees and

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asylees, but includes various other immigration statuses. Given the fact that applications for U.S. citizenship are at an all-time high, a number--perhaps a significant number--of the noncitizens who currently receive SSI will be citizens by the end of the summer.

SSA estimates that in the first full year of the prohibition (FY 1998), 434,000 noncitizens will lose SSI eligibility. Noncitizens who remain on the rolls will be refugees and asylees who have not been in the country for 5 years, lawful permanent residents who have earned 40 quarters of coverage or who can be credited with 40 quarters earned by their spouses or parents, and military personnel, veterans, and their spouses and children.

<u>Identifying Beneficiaries Potentially Affected</u>

The major task that we faced in implementing the new law was to identify those SSI recipients who are to be made ineligible by the legislation. First we made sure that our records concerning immigration statuses were current. It wasn't until last fall that SSA was able to change the codes that indicated which immigration status an individual was in if he or she changed statuses. For example, if a person was a refugee when first eligible for SSI, he or she would still have been shown as a refugee even if he or she subsequently became a U.S. citizen. In addition, prior to 1981, SSA's computer records did not contain information about an SSI recipient's citizenship or immigrant status. When we began, we had an estimated 1.4 million SSI recipients in our records shown as either noncitizens or citizens whose citizenship had not been verified.

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In order to correct our records, we initiated a series of computer matches. We matched the SSI records with our Social Security number records and the INS naturalization records. These matches allowed us to establish U.S. citizenship for approximately 320,000 recipients.

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We also matched SSI records of noncitizens to SSA's earnings records to determine which lawful permanent residents had earned 40 quarters of coverage and, thus, would be exempt from the SSI ban. In addition, as I mentioned, we are now able update the SSI records when individuals bring proof of their citizenship status into our field offices. All of these efforts have left us with approximately 900,000 SSI beneficiaries who are either noncitizens or citizens who have not yet had their citizenship verified.

Informational Notices

Our next task is to notify the approximate 900,000 individuals of the new SSI eligibility provisions before March 31, 1997, as required. As you may know, we began mailing the first notices last week. Because of other workloads relating to the welfare reform provision on SSI benefits for disabled children and an earlier provision eliminating SSI benefits to drug addicts and alcoholics, we are sending the notices on a staggered basis of about 112,500 per week over an 8 week period. All these "informational" notices will be in the hands of the beneficiaries by the statutory deadline. It is important to note that this mailing is only the first of two notices that noncitizens will receive before their benefits stop.

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(4) Not Spanish??

All of the notices include an enclosure in eight languages explaining that it includes very important information about SSI eligibility and if they cannot read English, they should take it to someone who can read it to them right away. [Will verify with NPS that this 8 language enclosure was sent.]

Individuals responding to these informational notices will create a large workload for SSA's field offices. In order to alleviate some of this workload and to provide better service to our customers, we have established 22 interviewing centers in areas across the country where large populations of noncitizen SSI recipients live such as Los Angeles, the central valley of California, Miami, and New York. SSA has hired ___ temporary employees to help staff the centers. Notices being sent to recipients in these areas will include the address and hours of operation for the center nearest them.

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5 not much notice

Under our longstanding, due process rules, the NPA will tell individuals exactly why their benefits are being stopped and advise them of their appeal rights. If an individual requests appeal with 10 days of receipt of the NPA, benefits will be continued until a decision is made at the initial level of appeal. Although benefit continuation applies only if the individual files an appeal within 10 days, he or she may appeal the determination at anytime within 60 days after receipt of the notice.

We have made the policy decision that the stopping of an individual's benefits in these cases will permit us to reinstate an individual's eligibility if, within 12 months from the suspension date, he or she becomes naturalized. The reinstatement would be effective as of the date of naturalization. While this may seem a mere technicality, it assures that former SSI recipients who become citizens will not have to go through the full SSI application process (including a disability determination in disability cases) and will again get SSI benefits as soon

FAX COVER

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Executive Office of the President
Office of Management and Budget
Washington, DC 20503

TO: Diana Fortuna

FROM: Jack Smalligan

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DRAFT
2/10/97

SSA TESTIMONY
FOR FEBRUARY 13 HEARING ON
ADMINISTRATION'S BUDGET PROPOSALS
BEFORE
WAYS AND MEANS
HUMAN RESOURCES SUBCOMMITTEE

Mr. Chairman and Members of the Subcommittee:

I am Carolyn Colvin, Deputy Commissioner for Programs and Policy of the Social Security Administration, and I will discuss the Administration's budget proposals for making changes in the welfare reform provisions affecting Supplemental Security Income (SSI) eligibility for noncitizens. I also would like to bring you up to date on SSA's progress with the implementation of the welfare reform provisions relating to noncitizens.

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At the outset I want to emphasize that the President remains committed to welfare reform and to the core issues related to his welfare-to-work iniatiative that he has supported in the past and that he has strengthened in this year's budget. What concerns the President, however, is the SSI provisions which bar all aged, blind, and disabled noncitizens from benefits. Of the noncitizens on the rolls, 33 percent are disabled and under age 65, 40 percent are aged 65-75, and 27 percent are over age 75. In other words, over 227,000 of the noncitizens potentially losing SSI this summer are over 75 years old.

Budget Proposal

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 contains provisions that severely restrict the participation of noncitizens in the SSI program. These

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Insert A:

are the provisions of the law that deny most legal immigrants access to fundamental safety net programs, even though legal immigrants were admitted into this country as full members of our community and they work and pay taxes.

provisions include general bars to SSI eligibility. It also includes provisions requiring the "deeming" of a sponsor's income and resources to a noncitizen and obliging a sponsor to reimburse the government for benefits paid to the noncitizen. Although refugees, asylees, and noncitizens whose deportations have been withheld under section 243(h) of the Immigration and Nationality Act (INA) may continue to be eligible for SSI, the new law limits their eligibility to only the first 5 years after they are granted such immigration statuses.

move to insert B

When President Clinton signed the welfare reform legislation into law, he said that:

> We should not be punishing people who are working for a living already; we should do everything we can do to lift them up and keep them at work and help them support their children. We also believe that the congressional leadership insisted on cuts in programs for legal immigrants that are far too deep.

The President reiterated this message in his State of the Union address:

> And we must join together to do something else, too, something both Republican and Democratic governors have asked us to do: to restore basic health and disability benefits when misfortune strikes immigrants who came to this country legally, who work hard, pay taxes, and obey the law. To do otherwise is simply unworthy of a great nation of immigrants.

and Medicaid

The proposal in the President's FY 1998 budget would make exceptions to the restrictions in the SSI programs for certain noncitizens who become blind or disabled after their entry into the United States and allow SSI eligibility for children ~~who are disabled before their entry.~~

and medicaid — immigrant — on the same basis as citizen children

The proposal also would extend the 5-year eligibility limit to 7 years for refugees, asylees, and noncitizens who have had their deportations withheld.

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Disability Exemption for immigrants with disabilities and children

Insert C

~~Under welfare reform rules, an estimated 75 percent of the lawful permanent residents who~~ received ~~SSI in 1996~~ ~~*would not be eligible.*~~ We must remember that these individuals who receive SSI on the basis of disability have severe medical impairments, little or no income or resources of their own, and limited (if any) earnings capacity. In fact, in order to be considered disabled for SSI, an individual must have a mental or physical impairment so severe that it prevents him or her from doing any work for a period of 12 months or would result in his or her death.

Insert D

The President's proposal would provide SSI eligibility for individuals who meet the definition of "qualified alien"[1] in the welfare reform legislation if their blindness or disability began after they were admitted to the United States. The proposal also would restore the SSI eligibility of children who were disabled before they entered the country. Noncitizens who do not meet the "qualified alien" definition and persons who are in the country illegally or temporarily would not be eligible for SSI.

Most lawful permanent residents have sponsors who sign affidavits of support allowing them to enter the United States. Moreover, U.S. immigration policies have generally favored efforts at family reunification. Under the previous rules, people who immigrated believed it

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[1] Section 431 of Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA) defines "qualified alien" as lawful permanent residents (LPRs), refugees, asylees, aliens whose deportations are withheld, parolees, conditional entrants, and certain aliens who have been battered or subjected to extreme cruelty.

Insert B:

Overview of Welfare Reform Provisions

(Start with text from page 1 and 2)

Legal immigrants may be eligible for SSI if they meet one of the SSI-eligibility categories in welfare reform -- i.e., if they earn or can be credited with 40 quarters of work or if they are members of the military or veterans (and certain of their family members). In addition the welfare reform provisions relating to sponsor-to-immigrant deeming and the sponsor's obligation to reimburse the Federal Government for any SSI benefits provided immigrants during the deeming period would apply.

Under welfare reform rules, an estimated 75 percent of the lawful permanent residents who received SSI in 1996 would not be eligible. Of the noncitizens on the rolls, 33 percent are disabled and under age 65, 40 percent are aged 65-75, and 27 percent are over age 75.

Insert C:

The President's proposal would provide SSI and Medicaid eligibility for individuals who meet the definition of "qualified alien" in the welfare reform legislation if their blindness or disability began after they were admitted to the United States. The proposal also would provide immigrant children the same access to SSI and Medicaid as our nation provides citizen children. Noncitizens who do not meet the "qualified alien" definition and persons who are in the country illegally or temporarily would not be eligible for SSI.

Many legal immigrants may face unforeseen problems before they can naturalize. Our country should assist legal immigrants and their families when an accident or disabling illness prevents them from supporting themselves.

Insert D:

For example, an immigrant who was paralyzed in a construction site accident or someone who develops inoperable cancer would be eligible for support (SSA -- provide additional or alternative examples if more appropriate). The Administration believes we should not abandon individuals in these circumstances.

In addition to the compelling needs of the affected immigrants, the Administration's proposal will prevent a substantial cost shift to state and local government, churches and non-profit organizations. The nation's governors identified this problem and in statement by the National Governor's Association urged "Congress and the Administration to work in partnership with the National Governor's Association to ensure that the immigration system and its requirements are fair to both citizens and noncitizens and meet the needs of aged and disabled legal immigrants who cannot naturalize and whose benefits may be affected."

The Administration continues to support holding the sponsors of immigrants responsible for those they bring into the country. Sponsors generally sign affidavits of support for those they sponsor. The Administration supported making these affidavits of support legally enforceable documents. The immigration reform legislation enacted in September last year included this provision. The Administration continues to believe that sponsors should be held responsible for the financial support of immigrants in most situations.

However, the Administration is concerned that ~~in the case of~~ when a sponsored immigrant experiences an unforeseen disability ~~that occurs~~ *after* ~~the new, legally enforceable sponsorship agreement has been signed and after~~ an ~~immigrant~~'s entry into the United States, the potential financial impact on the sponsor could be devastating. If an illness or accident occurs that makes the immigrant unable to work, the sponsor would be liable not only for the immigrant's basic needs but also for the cost of his or her medical care and other expenses attributable to disability. Such expenses may be beyond the sponsors' means.

The President's proposal addresses this potentially adverse effect by allowing SSI and medicaid eligibility and removing the deeming requirements, the 5-year ban, and the obligation of sponsors to reimburse the Federal Government for any SSI and medicaid benefits received by immigrants who became disabled after entering the country.

While the President's proposal would permit SSI and medicaid eligibility to children as well as adults who become disabled after they enter the country, the proposal also addresses the needs of children who are already disabled when they enter the country. Under the proposal, disabled individuals who enter the United States as lawful permanent residents before they are aged 18, would be eligible for SSI and medicaid, and the exemptions for deeming and sponsor reimbursement would apply.

In a number of cases, disabled children who enter the country would do so under the sponsorship of their parent. Thus, even though sponsor-to-immigrant deeming would not apply, the child's parent's income and resources would be taken into account in determining the child's need for benefits.

The proposal creates a safety net for disabled children. Unlike adults who can become U.S. citizens after they have lawfully resided in the country for a specified number of years, Clark

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children cannot naturalize until they reach age 18. Thus, if something happens to their sponsors, these disabled children would have no means of support and could not otherwise be eligible for SSI until they became U.S. citizens.

Refugees and Asylees

The President's budget proposal also includes a provision for extending the time limit for SSI eligibility from 5 to 7 years for refugees, asylees, and individuals who have had their deportations withheld under section 243(h) of the INA.

Individuals in these three immigration categories are in the United States because they have been subjected to (or have a well-founded fear that they would be subjected to) persecution in their homelands because of their race, religion, nationality, membership in a particular social group or political opinion. An estimated 15,000 to 17,000 SSI beneficiaries are in these categories. They often have suffered much hardship and arrive in the country with little or no resources. If they are aged, blind, or disabled they may be eligible for SSI for a period of 5 years after they are granted refugee, asylee, or deportation withheld status. Before welfare reform legislation, there was no restriction on the length of time that they could receive benefits.

and Medicaid and other programs

Generally, immigrants who have been in the United States for 5 years may apply for citizenship. Although INS accepts naturalization applications up to 3 months before the 5 year requirement is met, the naturalization process can take up to 6 months and, in some areas of the country, can be of even longer duration. Thus, individuals who entered the United States as refugees, asylees, or who have had their deportations withheld, are very likely to lose their SSI eligibility even if they apply for citizenship at the earliest possible date. Such immigrants generally do not have sponsors and would have nowhere to turn for assistance in the interim.

The proposal would allow sufficient time for them to become U.S. citizens without an interruption in their SSI benefits.

Now that I've described the President's proposal let me turn to SSA's efforts in implementing the noncitizens provisions in welfare reform.

Implementation of Noncitizens Provisions in Welfare Reform

In planning for carrying out the noncitizens provision in welfare reform, SSA has put together a team made up of representatives from virtually every SSA component. The team has been meeting since August 1995, and has devoted innumerable hours to policy and operational issues involved with the provisions. Implementation policies have been coordinated with other Federal agencies such as the Department of Agriculture, The Department of and Health and Human Services (including the Health Care Financing Administration), and the Immigration and Naturalization Service (INS). Let me emphasize that the Administration is committed to implementing the changes as humanely as possible.

<u>Numbers of Noncitizens Affected</u>

Before I begin describing our implementation strategy, I would like to give you an idea of how many noncitizens on the SSI rolls would lose eligibility if the prohibition on SSI eligibility remains unchanged.

As of December 1996, there were 724,900 noncitizens receiving SSI. Nearly three-quarters of them are lawful permanent residents. The remainder are in the category of "permanently residing under color of law, " which is comprised mostly of refugees and