

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

## **A NEW SYSTEM UNDER WELFARE REFORM**

### **The Current Welfare System**

Aid to Families with Dependent Children (AFDC) is a cash assistance program, providing aid to poor single mothers and their children, as well as to a few poor two-parent families. As of May 1996, 12.5 million individuals received AFDC -- down from 14.1 million when President Clinton took office. Of those 12.5 million people, approximately 4 million are adults.

Medicaid pays for health care for AFDC recipients and all pregnant women and children up to age 6 with family income up to 133 percent of the federal poverty line. Medicaid coverage is also being phased in for poor children under age 19 by the year 2002. The Food Stamp program provides nutrition assistance to all poor Americans, including AFDC recipients, the elderly, and many poor working families.

The elderly, blind, and disabled also receive public assistance, primarily through the Supplemental Security Income (SSI) program, which provides monthly cash benefits, as well as through the Medicaid and Food Stamp programs.

### **Changes under Welfare Reform**

Under the new law, federal AFDC funds will be delivered to states in the form of fixed block grants, and adults will be limited to 5 years of cash assistance (states will be able to exempt 20 percent of the caseload from the time limit). In addition, recipients will be required to work within two years of receiving assistance, through activities such as unsubsidized or subsidized employment, on-the-job training, or community service. These changes build on the reforms already taking place in 43 states under waivers granted by the Clinton Administration. (For example, 30 states and the District of Columbia currently have some form of time limit in place). The new welfare law preserves Medicaid coverage for poor children, the disabled, pregnant women, the elderly, and people who would have qualified under the previous AFDC rules. It also maintains the Food Stamp program, preserving the national nutritional safety net. It includes new funding for child care and several measures to increase child support collections.

The law also includes provisions opposed by the Administration that would deny SSI and Food Stamps to most legal immigrants for five years or until they attain citizenship. States would have the option to deny Medicaid and AFDC benefits to legal immigrants. Future immigrants would be ineligible for 5 years for most federal means-tested programs, including Medicaid. The President has pledged to fix the provisions in the bill that would deny assistance to legal immigrants and cut back on Food Stamp assistance for working families.

### **A Fundamental Improvement over the Status Quo**

This comprehensive bipartisan welfare reform legislation will change the nation's welfare system into a transitional assistance program 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, and supports for families moving from welfare to work -- including increased funding for child care and guaranteed Medicaid coverage. It also includes tough new child support provisions which will increase collections by \$24 billion over 10 years. As the President has said, this legislation gives us a chance "to transform a broken system that traps too many people in a cycle of dependence to one that emphasizes work and independence, to give people on welfare a chance to draw a paycheck, not a welfare check."

Combined with the EITC and the minimum wage increase won by this Administration, the new, transitional welfare system will help move AFDC recipients from welfare to work. In Colorado, for example, a mother with two children will increase her income by more than 50 percent -- from \$8,000 to \$12,600 -- even if she works part-time at the minimum wage. Plus, she'll receive health care, Food Stamps, help in collecting child support, and child care assistance if she needs it.

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

**Questions and Answers on Welfare Reform  
August 21, 1996**

**Q:** Why did the President sign the welfare reform bill?

**A:** The President signed this bill because it will change the nation's welfare system into a transitional assistance program that requires work in exchange for time-limited assistance. The bill contains strong work requirements, a performance bonus to reward states for moving welfare recipients into jobs, state maintenance of effort requirements, comprehensive child support enforcement, and supports for families moving from welfare to work -- including increased funding for child care and guaranteed Medicaid coverage. As the President has said, this legislation gives us a chance "to transform a broken system that traps too many people in a cycle of dependence to one that emphasizes work and independence, to give people on welfare a chance to draw a paycheck, not a welfare check."

Combined with the EITC and the minimum wage increase won by this Administration, the new, transitional welfare system will help move AFDC recipients from welfare to work. In Colorado, for example, a mother with two children will increase her income by more than 50 percent -- from \$8,000 to \$12,600 -- even if she only works part-time at the minimum wage. Plus, she'll receive health care, Food Stamps, help in collecting child support, and child care assistance if she needs it.

The President has pledged to fix the provisions in the bill that would deny assistance to legal immigrants and cut back on Food Stamp assistance for working families. As the President has said, these provisions are wrong, and his Administration will work to correct them.

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

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

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

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

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

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

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

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

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

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

It's also important to remember that this Administration expanded the Earned Income Tax Credit, and convinced Congress to increase the minimum wage. Together with the work incentives in this bill, those actions will make many low-wage families better off, and will make work a better deal than welfare. In Colorado, for example, a young mother with two children receives only \$8,000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

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

A: Let's not forget that millions of children and their parents are trapped in poverty now. No computer model can predict with 100 percent accuracy how individuals will respond when the system is fundamentally transformed. We believe that many women on welfare want to work and will do so if they can find child care for their children. We believe that when society demands that absent parents pay child support, they will do so. Under the new welfare law, people will be required to move into jobs, but they will also receive the supports they need -- like child care and health care - - to move from welfare to work. The legislation also contains tough child support enforcement measures that will increase collections by \$24 billion over ten years -- providing an enormous amount of money for children's food, clothing, and shelter. It's also important to note that the Urban Institute study did not include the minimum wage increase the Administration recently won, which will have a significant impact for many of these working families.

We strongly believe that work is better than welfare. In Colorado, for example, a young mother with two children now receives only \$8,000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy that includes the EITC and the minimum wage increase won by this Administration, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

Q: Why has the Administration granted other states' waivers, but still hasn't acted on Wisconsin's?

A: Some states have asked HHS to go ahead and approve their waivers, even though they may not be necessary under the new law. There is no special treatment here for any other state over Wisconsin - - these states' requests have been pending longer and are simpler (some states simply submitted amendments to a currently operating demonstration).

(Background: Hawaii's waiver request was received on 5/7/96; Indiana's on 12/14/95, with additional amendments received on 2/6/96; Maryland's request was received on 4/26/96; Minnesota's AFDC waiver was received on 4/4/96, with amendments received on 5/28/96, and Minnesota's Work First waiver was also received on 4/4/96. Kansas' waiver request was received on July 26, 1994, with amendments received on April 30, 1996. DC and Idaho submitted fast-track waiver requests on August 6 and 8, respectively. Wisconsin's official waiver request was received on 5/29/96).

Q: What are the Administration's plans for the Wisconsin waiver since Congressional legislation has now been passed?

A: In fact, no action may be necessary, since the new federal law appears to give Wisconsin all of the flexibility it needs to move forward on its reforms. We won't know for sure until we've carefully reviewed the final bill and report language.

Q: But Governor Thompson says he still does need the waiver, and is accusing the President of reneging on his promise to grant it. Is he right?

A: It appears that the new federal law gives Wisconsin all of the flexibility it needs to move forward on its reforms, so the waiver request may be moot. However, the new law is quite complicated, and we'll need to carefully review the final bill and report language before we'll know for sure.

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

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

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

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

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

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

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

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

This Administration has already given 43 states the flexibility to reward work, and created millions of new jobs. Welfare rolls have already dropped by 1.6 million since 1992, and we think that progress will continue. Finally, because of the EITC and the minimum wage increase won by this Administration, the typical welfare recipient will be better off working -- even 20 hours per week -- than she was on welfare. In Colorado, for example, a young mother with two children receives only \$8,000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

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

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

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

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

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

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

A: Under the new law, most legal immigrants will be ineligible for SSI until citizenship. The Administration opposes this provision, and the President has pledged to fix this flaw in the bill. The President has said that immigrant children and disabled immigrants who need help should get it.

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

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

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

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

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

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

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

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

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

by at least 25 percent.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

to correct it, it will be corrected." In any case, immigrants will still be eligible for emergency medical assistance and other limited kinds of care, such as immunizations.

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

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

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

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

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

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

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

**A:** The President has said that he will work to fix the Food Stamp and legal immigrant problems in the bill, and the Administration is working on legislative proposals to remedy these flaws. We do not have a timeline yet for this process, but we'll work with Congress and the states to get it done. The President has said that legal immigrants who fall on hard times through no fault of their own and need help should get it, although their sponsors should take additional responsibility for them. The Administration's proposals will still save money over current law.

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

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

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

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

Remember, the minimum wage and EITC improvements we've won for will make work pay. In Colorado, for example, a young mother with two children receives only \$8,000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

Q: When does the new welfare system take effect?

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

- Q: How will states address such needs as transportation and job training? Where will the resources come from?
- A: Most states will initially receive more funding under the cash assistance block grant than they currently receive -- resources that will enable states to provide transportation, job training, and other work-related services to move people from welfare to work. And, as rolls continue to shrink, states will also be able to use money now used for welfare checks to provide these work-related services, community service jobs, or income subsidies for employers to hire people.
- Q: What is the President's position on Senator Wellstone's resolution calling for a continued safety net for battered women? This did not pass as part of the welfare reform bill -- will the President work to have it reintroduced as legislation when Congress comes back into session?
- A: The Administration has not yet decided what would be included in a legislative package to improve the welfare legislation Congress passed.
- Q: How will you protect teen mothers who are required to live at home but are at risk of being sexually, physically, or emotionally abused in those settings?
- A: The law requires teen parents to live at home or in an adult-supervised setting in order to receive assistance. States will be required to locate alternative living arrangements for those teens who may be at risk of abuse in their homes.
- Q: There is a two-year limit for women to find jobs -- where will these jobs come from?
- A: This bill gives states the ability to create jobs by taking money now used for welfare checks and give it to employers as income subsidies, as an incentive to hire people, or to create community service jobs. It also builds on the reforms taking place in 43 states under waivers granted by the Clinton Administration. Some of these states are securing private sector jobs for welfare recipients by providing wage subsidies and forging new private/public sector partnerships. In other states, employers are providing work place mentoring for participants and contributing to special accounts that recipients can later use to increase their education and training. The new law requires that adults be engaged in work activities within two years, but allows states some flexibility in defining those activities. Private sector jobs, volunteer activities, and community service jobs all count as "work," and welfare recipients initially have to work only 20 hours per week to meet the requirements.

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

A: This welfare legislation is a critical step in transforming our broken welfare system into one that requires work and promotes parental responsibility. The new law will make sweeping changes to the welfare system -- through time limits, work requirements, child care resources, and the toughest ever child support enforcement. When combined with an increased minimum wage and the EITC, we expect that it will make a fundamental difference in moving people from welfare to work. In Colorado, for example, a young mother with two children now receives only \$8,000 a year in welfare and Food Stamps, and she may never be encouraged to look for work and become independent. But with our new strategy, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

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

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

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

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

A: The new law requires that adults be engaged in work activities within two years, but allows states some flexibility in defining those activities. Private sector jobs, volunteer activities, and community service jobs all count as "work," and welfare recipients initially have to work only 20 hours per week to meet the requirements. We strongly believe that work is better than welfare. In Colorado, for example, a young mother with two children now receives only \$8,000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy that includes the EITC and minimum wage increase won by this Administration, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

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

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

Q: How does this reform affect public housing?

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

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

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

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

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

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

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

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### Work Will Pay More Under Welfare Reform

#### People On Welfare Who Work Will Be Better Off

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

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

#### People Who Move From Welfare To Work Will Be Better Off

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

# HHS FACT SHEET

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

August 1996

Contact: HHS Press Office  
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## The Personal Responsibility and Work Opportunity Reconciliation Act of 1996

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

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

### MAKING WELFARE A TRANSITION TO WORK

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

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

## **PROMOTING RESPONSIBILITY**

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

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

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

### Teen Parent Provisions

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

## IMPROVEMENTS OVER THE VETOED BILL

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

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

## **NECESSARY IMPROVEMENTS**

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

- o **Food Stamps.** According to President Clinton, the new law cuts deeper than it should in Food Stamps, mostly for working families who have high shelter costs.
- o **Legal Immigrants.** The law includes provisions that would deny most forms of public assistance to most legal immigrants for five years or until they attain citizenship. The President has said that legal immigrants who fall on hard times through no fault of their own and need help should get it, although their sponsors should take additional responsibility for them.

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

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

## More Than Half the Nation Enacting Welfare Reform Under the Clinton Administration

The Clinton Administration has approved 78 welfare reform demonstrations in 43 states and the District of Columbia -- more than all previous Administrations combined. In an average month, the demonstrations cover over 10 million people -- approximately 75 percent of all recipients. All of the waivers which we have granted build on many of the central principles of President Clinton's vision for welfare reform, including:

PRINCIPLE	DESCRIPTION	STATES APPROVED
<b>Work</b>	<i>Thirty-Six states</i> are helping people move from welfare to work, from receiving welfare checks to earning paychecks, by increasing education and training opportunities and creating public/private sector partnerships.	36 - Arizona, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kansas, Maryland, Massachusetts, Maine, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, West Virginia, Wisconsin, Wyoming
<b>Time Limited Cash Assistance</b>	<i>Thirty-One states</i> are making welfare a transitional support system, rather than a way of life, by providing opportunity, but demanding responsibility in return.	31 - Arizona, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Louisiana, Maryland, Massachusetts, Michigan, Missouri, Montana, Nebraska, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Vermont, Washington, Wisconsin
<b>Child Support Enforcement</b>	<i>Twenty-Seven states</i> are strengthening child support enforcement and sending a clear message that both parents must be responsible for their children.	27 - Arizona, Connecticut, Delaware, Georgia, Hawaii, Illinois, Indiana, Kansas, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, New Hampshire, New York, North Carolina, North Dakota, Ohio, Oregon, South Carolina, Tennessee, Texas, Vermont, Virginia, Wisconsin
<b>Making Work Pay</b>	<i>Forty-One states</i> are providing incentives and encouraging families to work not stay on welfare, so they can achieve and maintain economic self-sufficiency.	41 - Arizona, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Illinois, Indiana, Iowa, Kansas, Maryland, Massachusetts, Maine, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming
<b>Parental Responsibility</b>	<i>Thirty-Nine states</i> are promoting parental responsibility by encouraging education, or limiting benefits for families who have another child while on AFDC.	39 - Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Missouri, Montana, Nebraska, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Utah, Vermont, Virginia, Wisconsin, Wyoming

## COMPARISON OF WELFARE REFORM MAJOR PROVISIONS

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

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

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

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

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

## MEDICAID PROVISIONS

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

**FOOD STAMPS PROVISIONS**

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

## OTHER PROVISIONS

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

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

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

**PRESIDENT CLINTON:** Good afternoon.

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

For those reasons, I will sign it into law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

To: National Desk

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

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

The Briefing Room

3:12 P.M. EDT

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

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

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

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

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

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

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

important.

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

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

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

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

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

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

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

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

SECRETARY SHALALA: Over six years.

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

SECRETARY SHALALA: Yes.

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

SECRETARY SHALALA: Fourteen billion dollars.

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

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

Q What's the provision now?

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

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

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

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

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

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

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

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

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

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

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

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

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

That becomes a very sensitive issue for us.

Q -- bill does what as --

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

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

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

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

SECRETARY SHALALA: No.

Q -- and was it what you expected?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q Is it moot --

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

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

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

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

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

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

Q Which is likely --

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

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

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

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

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

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

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

Do you want to --

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

Q But from your own starting point --

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

SECRETARY SHALALA: Deficit-neutral, basically.

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

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

MR. REED: In 1994?

Q Yes.

MR. REED: Which was deficit --

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

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

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

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

THE PRESS: Thank you.

END 3:34 P.M. EDT

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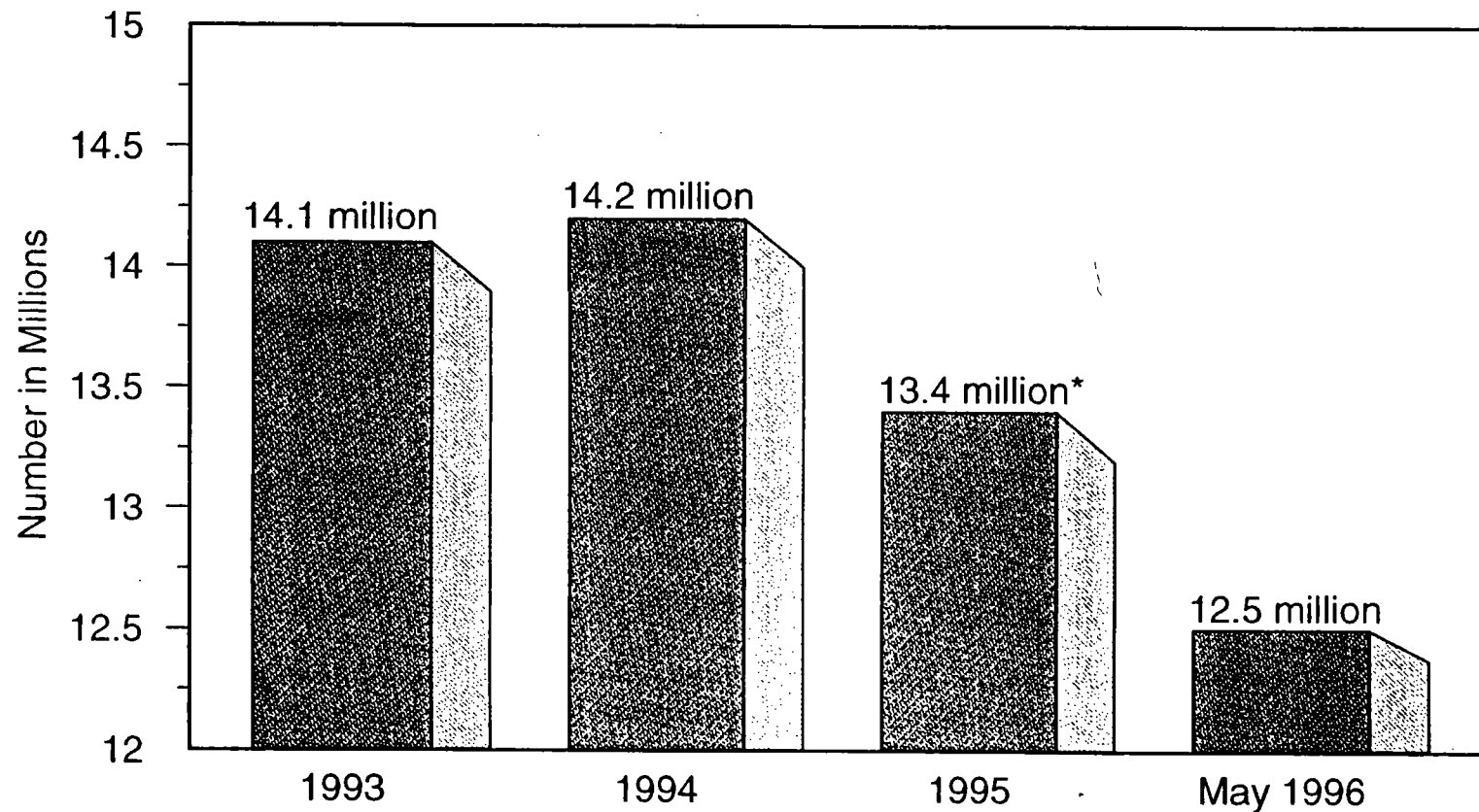
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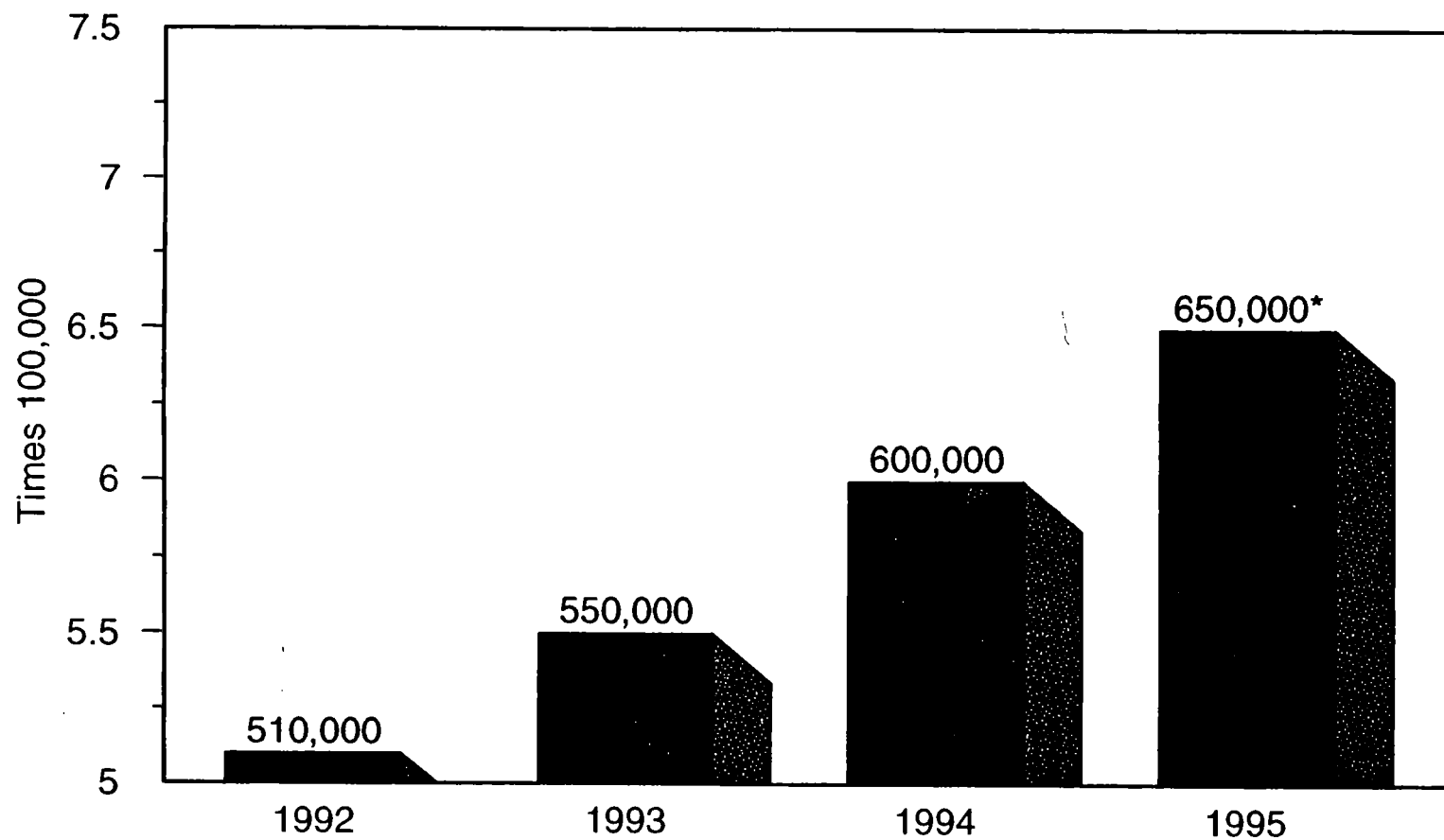
# The Total Number of AFDC Recipients Has Declined Under the Clinton Administration



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

\*Preliminary Estimate

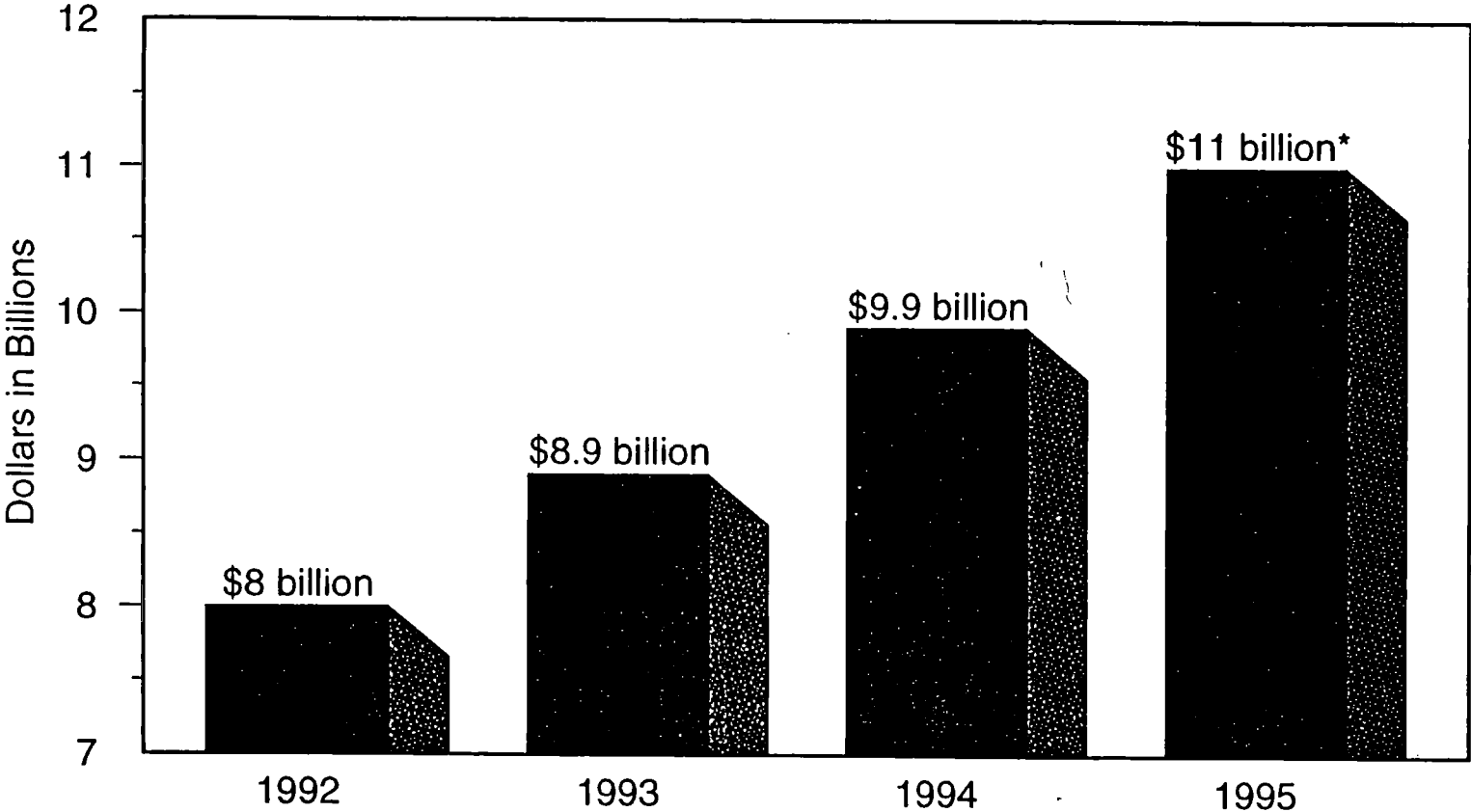
## Work and Training Activities Among AFDC Recipients Have Increased Under the Clinton Administration



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

\*Preliminary Estimate (All Numbers Rounded)

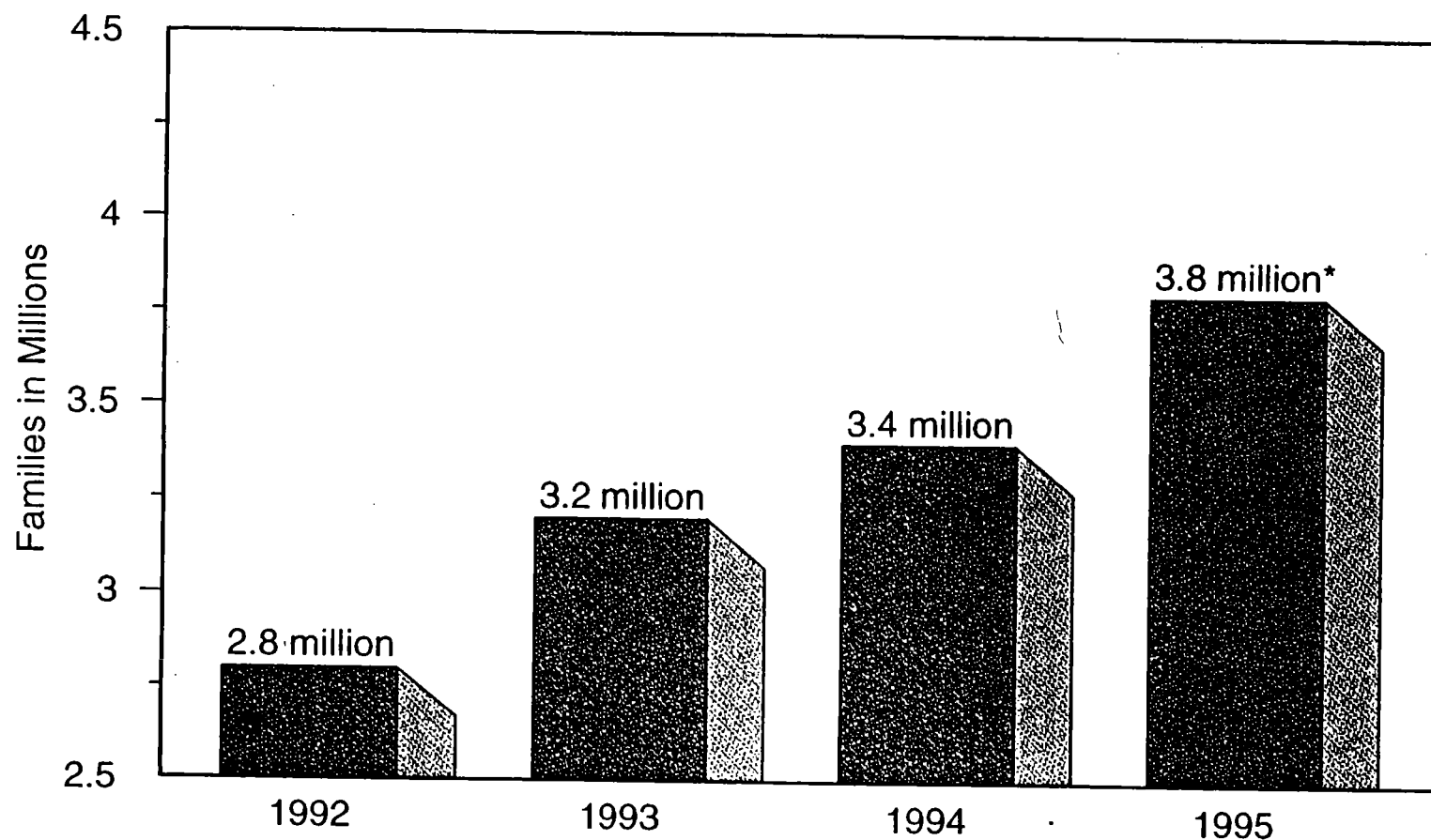
# Child Support Collections Have Increased Under the Clinton Administration



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

\*Preliminary Estimate

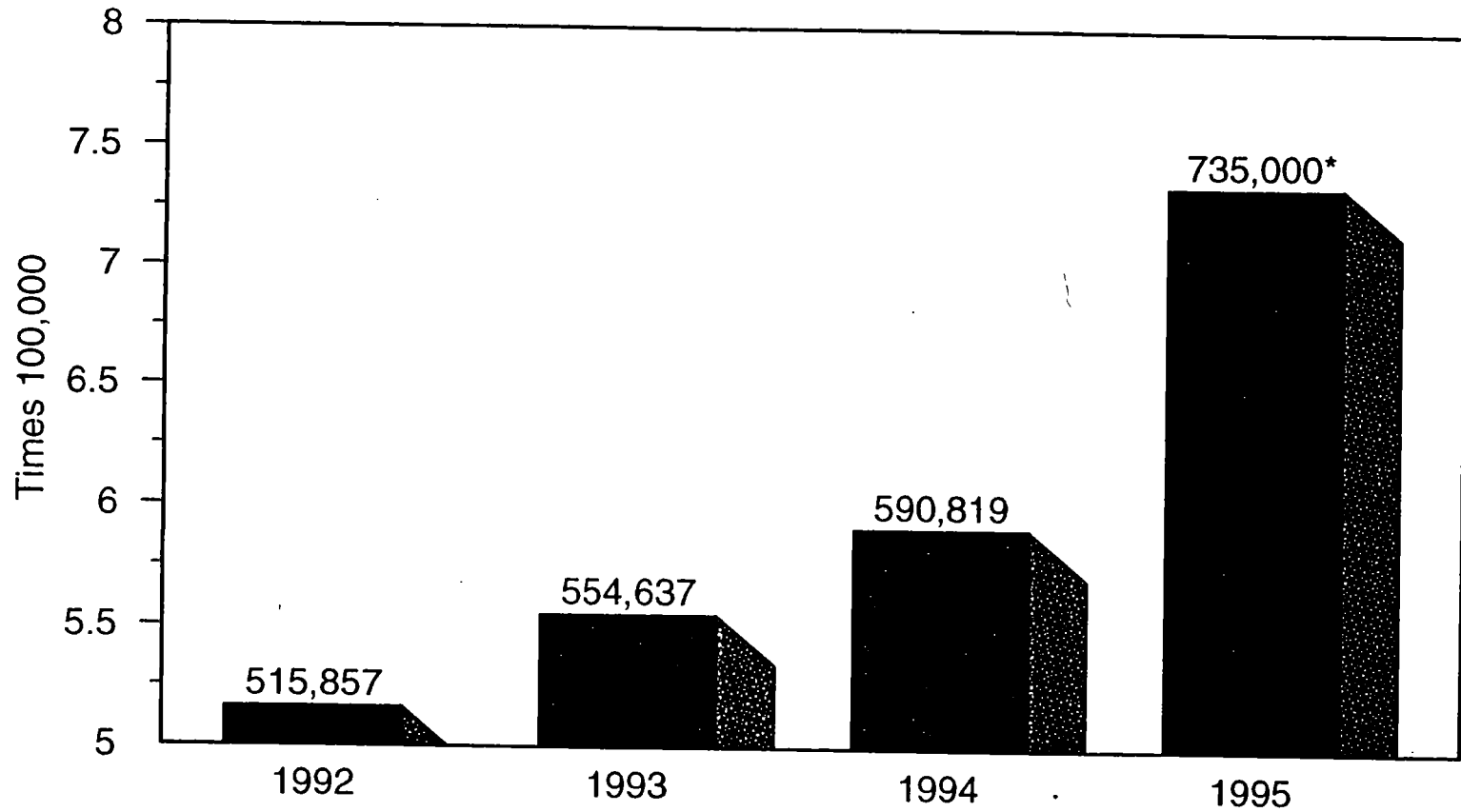
# Families Served by Child Support Enforcement Have Increased Under the Clinton Administration



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

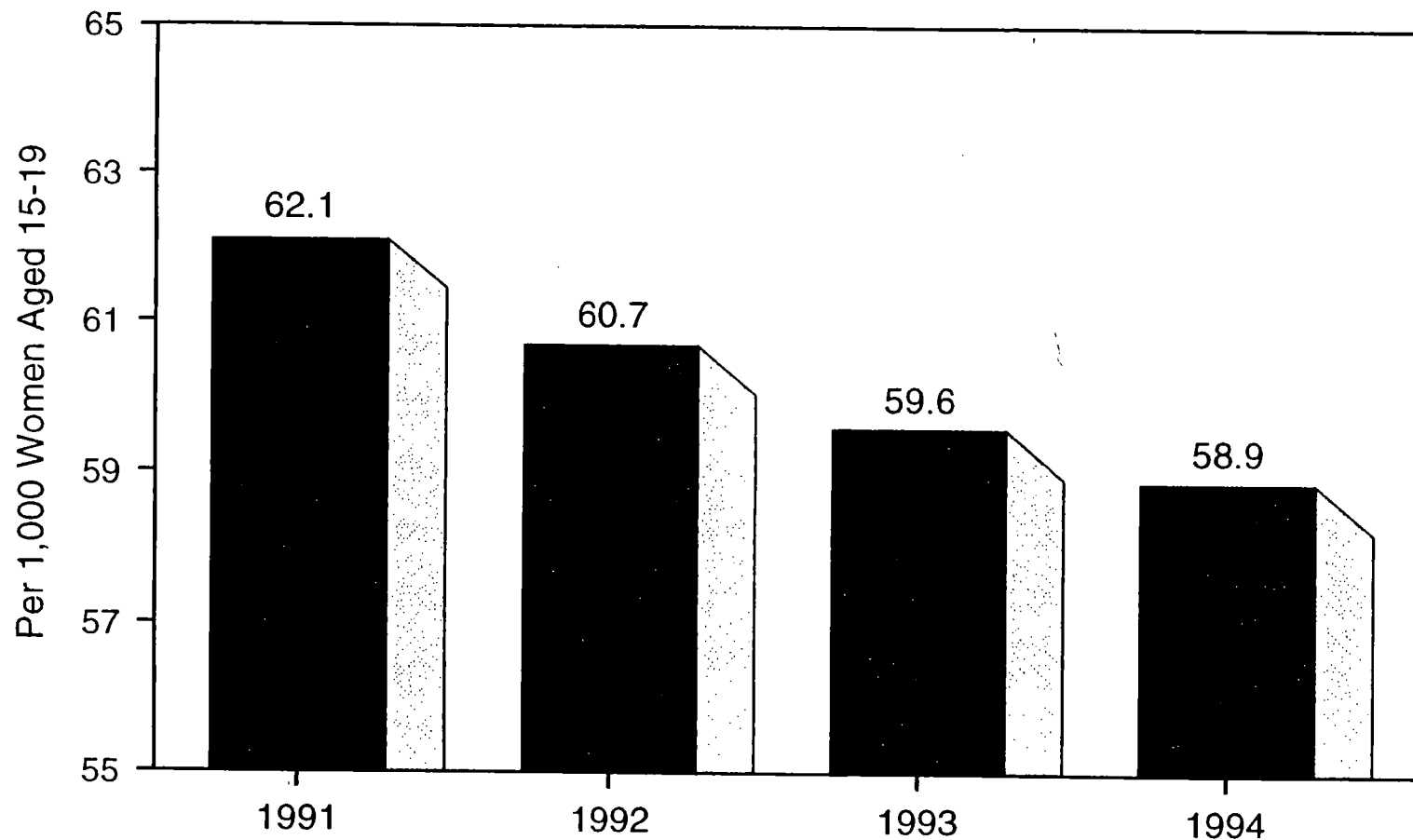
\*Preliminary Estimate

# Paternity Establishments Have Increased Under the Clinton Administration



Source: Administration for Children and Families, U.S. Department of Health & Human Services  
\*Preliminary Estimate (All Numbers Rounded)

## Teen Birth Rates Have Declined Under the Clinton Administration\*



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

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