

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

04-Sep-1996 09:51pm

TO: Diana M. Fortuna
FROM: Carol H. Rasco
 Domestic Policy Council

SUBJECT: RE: Meeting with SSA on disabled children and appeals rights

Please make sure you note in the memo back from President and using my translation of his comments if necessary that he indicated concern about the numbers of children losing benefits; he has sent further word to me late today. I did not talk with him directly. I think if Lew and Chater cannot agree to the later date then the decision has to go in memo form to Leon for potentially being sent to POTUS.

~~I will call office when I land in Ark. around noon tomorrow and see if you all need for me to get on phone with anyone.~~

On the whole issue of the definition, I would like a chance to sit with you next week and hopefully Jeremy could join us and I want to walk step by step through the issue...is Tuesday afternoon soon enough I assume? If so, please let Jill know when would work for you...I am back in office from NGA/etc. by around noon.

Thanks.

Carol to prod 77
11

8/22/96

* SSA Gouss - discuss
Rosewater/Mocko ^{for women}

* guide

* interpret whether lose &
if don't file asap

* allocs - TANF + CC; procedures

* Implem Memo next wk -
USDA

(when is draft due, who will
review it)

* SAVE/doss - by 9/4

- Nat'zation

* Becky re DS issue of
SSI kids

* Defining means - tested
program - Steisel
raises - Randy
answers

* Read Monahan memo

* Add to CR note
poet that SSI kids
decision affects state
DDS workload

* End of 2pm tomorrow,
decide how to use
NEA time existing

* Get out today's
list
w/ dates of
APWA
conf.

KRS MA - nada written

ACF - guidance - sp - "guide"

- how to draw down \$ - also send allocs

- eff dates buried

- initial reg disc

- "answers"

(Want to talk @ conf re sp guidance + reorg)

RS: 1st wk Sept? maybe - Deadline for xerox is 9/4

USDA - Guidance - immed, next, options, FYI

INS - issues:

① Interim verification: how to enroll in SAVE
Document info by 9/4

② Naturalization

- mentions fs + diab - shld he hv?

- outreach - gd ideas

- will hv paper

③ Rptg req 4x/yr - states must report
who is lawfully present -
(tracking sponsors)

④ Info channel - how to contact INS - people will call
transfer 800 lines
natization info in packages

SSA

- Timing/sequence - when will notices be (1/97 kids) by 9/9
40 Quarters - won't be ready
Immig clear
Children due process - state DDS vs Fed staff - will answer
will hv #5

APWA & dates + locs - ~~thru~~; will get out list

Meet again ~~Wed~~ Labor Day wk + wk after conf wants wks

To: Carol Rasco

Bruce Reed

Diana Fortuna

Jeremy Ben Ami

Emily Blomberg

From: John Monahan

Here are three draft letters that
HHS would like to send out next
week. We intend to send the child care
and welfare commissioners' letter ~~on~~ ^{on} Monday
and to send the governors' letter next Friday.
Pls. give me feedback by tomorrow, August
23, COB.



United States
Department of
Agriculture

Food and
Consumer
Service

3101 Park Center Drive
Alexandria, VA
22302-1500

FOOD STAMP PROGRAM

DATAFAX COVER SHEET

DATE: _____

TO: Jeremy Ben-Ami and Carol RascoOFFICE: DPC

PHONE: _____

FROM: Yvette JacksonOFFICE: Food Stamp ProgramPHONE: 703 305 2026SUBJECT: Requested Material

REMARKS: _____

NO. OF PAGES INCLUDING COVER SHEET: 2

CORRECTED
SAVINGS
\$100 LOSS

PROPOSAL TO EXTEND CERTIFICATION PERIODS FOR FOOD STAMP HOUSEHOLDS CONTAINING NONCITIZENS

Background: The new welfare bill would require States to remove over half of the legal immigrants currently receiving food stamps from the program. The bill is very explicit about which immigrants should and should not be receiving benefits. One year from the date of enactment, all current recipients are required to be off the program unless they meet one of the exemption criteria or have become a naturalized citizen. The new rules would apply to new applicants immediately.

Under the new legislation, those immigrants currently on the program should be judged against the new stricter criteria at their next "recertification" with the mandate of removing all current recipients by one year from the date of enactment. When food stamp households first apply for benefits, they are allowed to participate for a fixed number of months, not to exceed 12 months in most cases.

Issue: Should USDA grant an automatic waiver to allow State agencies to delay a legal immigrant's recertification? States could be given a waiver to extend certification periods of households containing noncitizens, provided no certification period is extended beyond August 22, 1997 and no certification period is longer than 12 months.

Pro:

Equity - This proposal might grant additional time to those legal immigrants who have applied for citizenship and others who intend to naturalize without losing benefits. The bill delayed implementation of the new alien eligibility criteria until January 1, 1997 for other programs.

Difficulty of verification - Households which meet the exemption criteria may be unfairly terminated because Federal and State systems for verifying eligibility under the new criteria are inadequate. By delaying implementation, States would be providing themselves with the opportunity to ensure more responsible implementation of this provision. The Federal and State agencies will have to work together to develop verification requirements and procedures.

Con:

Limitations - Many immigrants will not be assisted by this proposal. Very preliminary estimates indicate that about half (or 580,000) of the affected individuals would not have their certification extended by this proposal. The effect of the waiver would depend on the length of certification periods in various States. The average certification period is 10 months. In California, for example, most households are certified for either 6 or 12 months. In the other States most affected (New York, Texas, New Jersey, Illinois, and Arizona) households are more likely to have shorter certification periods. Moreover, if the State does not opt to avail itself of the waiver, there would be no effect.

Appearance - This would be seen as a clear attempt to circumvent the legislation. It would appear that aliens were getting better treatment than citizens who would be adversely affected by other provisions of the law.

Cost - Preliminary estimates indicate that savings could be reduced by \$100 million in FY97. The original estimate for this provision was \$365 million in savings for FY97.

States control recertification

- 40 Q - issue
- DOJ redefine
- Recertif.

Kathy W

- skeleton - USDA
- empir re 7 states
- DOJ litigation
- USDA exposure \$
- 30m in FY97
- Prefer to be directed

~~* Hold SSA cases for new~~
~~for 2 wks - old cond~~
~~case reqs us to go~~
~~back to court for new~~
~~applicants~~

Meeting 2:

US Nationals - add by reg? swear alleg
- man w/o country
- not deportable - Aleinikov?

W2 - not till October of yr
Data integrity bd - privacy arrangement

How long would we buy?

States shall do?

USDA idea - won't exceed 12 mos recertif.

Secy waive to extend recertif.
↳ permits states

- for all
- for aliens

Secy emerg res to extend - aliens
- all

→ New applicants

→ State option for
MA, TANF, etc

Immigration - Welfare Reform

- What becomes of those who are abruptly cut off but need help e.g. elderly noncitizen SSI recipients
- Verification -- issues of accuracy, fairness and nondiscrimination in short-term and long-term strategies
- Due Process for those claiming improper termination
- Definition of means tested benefit
- Programs that are excepted by A.G. discretion
- Medicaid after losing SSI
- Prohibits state and local laws prohibiting providing or getting info from INS
- Process/Timing of notices for SSI

"Fixes"

- Legislative
 - Deferral strategies
 - Revision strategies
 - Mechanism: Immigration bill or stand-alone or technical amendments
- Administrative
 - Any "hooks" for deferral (e.g. claim of federal preemption)
 - Naturalization
 - Waivers
 - Cutting red tape, etc.

90 day tech corrections

DRAFT

PURPOSE OF MEMO

The welfare reform bill calls for redetermination of eligibility and denial of benefits based upon citizenship or immigration status for a wide range of programs. Denying benefits based upon citizenship requires a mechanism for determining or verifying citizenship or eligibility due to exemption. The bill provides that verification regulations be issued by the Attorney General and Secretary of Health and Human Services no later than 18 months after enactment. This memo sets out issues that arise immediately to aid the development of a short-term approach while the legislatively-mandated 18 month verification design period proceeds.

The goal of a short-term verification strategy is to maximize the likelihood that verification is conducted in a reliable, fair and nondiscriminatory manner.

BACKGROUND

- A. The legislation ignores the absence of a reliable, nondiscriminatory verification system

The welfare reform bill requires a citizenship status check of recipients and applicants to obtain benefits. The status check is to be imposed not only by state and county agencies, but also by any recipients of federal funds, which could include community clinics, meal programs, etc. Presently however, the United States does not possess a system of records of citizenship status -- by birth and naturalization -- that can be relied upon for determining or verifying this. For a variety of reasons, including civil liberties and national identification concerns, the Federal government historically has not collected and kept such files or created a database on all of its citizens.

Neither the Immigration and Naturalization Service (INS) nor the Social Security Administration (SSA) currently have the capability to make this work in the short-term. Some mistakenly assume that the INS updates its files to record the change of status from legal immigrant to naturalized citizen, but generally the INS has not. (Recently INS began updating some records to indicate naturalization, but there are millions of files without this information.) And obviously they do not have records for citizens who were born in the U.S. and there is a genuine issue of whether the INS is the appropriate repository for such information.

Similarly, SSA records do not _____.

Despite the fact that noncitizens will become ineligible for most benefits within one year, the welfare reform bill does not set

any standards, establish any constraints or provide any guidance for the verification of an applicant's or recipient's citizenship as implementation commences.

B. Timeline

The bill provides the following timeline for development of a verification system. Redetermination of benefits eligibility generally begins immediately after enactment. The Administration, by the Attorney General and Secretary of Health and Human Services, is given 18 months to design a verification system and issue regulations implementing them. The states are then given an additional 2 years to comply with those regulations.

C. The Current System for Verifying Immigration Status for Benefits -- The Systematic Alien Verification For Entitlements (SAVE) Program

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The existing INS system for determining legal immigration status for some benefits programs is not able to determine citizenship status.

Congress mandated in 1986 that certain benefits programs verify a noncitizens status to ensure that only eligible noncitizens received specific federally funded entitlements. The programs include Food stamps; AFDC; Educational Assistance; and Housing Assistance. Other non-mandated agencies which use the current system include Social Security, GSA, and NASA.

In response, the Federal government created the SAVE system. SAVE is based upon a computer database of selected immigration information of over 50 million records. The database is stored and maintained by Lockheed Martin Information System. The SAVE system does not contain comprehensive information and so sometimes inquiries must be resolved by locating and reviewing an individual's paper file. This is called "secondary verification."

Inquiries by computer or

To establish legal immigration status, but not citizenship.

States are able to apply for a waiver from the SAVE system by demonstrating that it is not cost-effective and that they have implemented a system that is at least as effective. States that have been granted waivers include: Hawaii, Michigan, Minnesota and Washington. New York, Maine and Vermont are waived for food stamps.

The long-term verification project will look at the questions of whether SAVE can reasonably be adapted to the requirements of the

welfare reform bill and whether, at that point, INS remains the appropriate location for citizenship records.

DISCRIMINATION

Verification raises issues of potential discrimination and violations of Title VI of the Civil Rights Act and other program-specific antidiscrimination laws such as Section 11(c) of the Food Stamp Act of 1977. This is not a hypothetical concern. The Inspector General of HHS found inappropriate conduct relating to some states' use of the SAVE system. The I.G.'s report states:

States are unnecessarily querying SAVE for aliens who have become naturalized U.S. citizens or for aliens who were not applying for aid.

One manifestation of discrimination is only checking the status of those who "look or sound foreign."

In the work authorization verification context, a continuing issue is whether employers sometimes demand "foreign-looking or sounding" applicants to produce both more or "better" documents than others to prove that they are legal workers.

The danger of discrimination is heightened in the present instance because most of those implementing the new status checks across the country have no experience or systematic training. The Administration must attempt to minimize the possibility of discriminatory application of the new law. Administration guidelines that explicitly address this issue should be part of our short-term strategy.

OPTIONS

Option 1: Go-Slow Approach

If a legal "hook" such as federal preemption can be claimed, then the Administration could direct states and providers to defer denial of benefits to noncitizens or rely exclusively upon self-attestations of eligibility for a set transitional period of time or until the federal government issues its regulations for verification. While there are a number of equity arguments to support this, we have not yet identified a credible legal basis that permits directing deferral of the denial of benefits. Directing states and providers to rely upon self-certification to permit development of a sensible verification scheme can be supported by reasons of fairness and logic, but also may bring charges of undermining the intent of Congress that appears to contemplate widespread denial of benefits even before such a verification approach is developed.

Option 2: Interim Verification Approach -- Self Certification Plus Supporting Documentation

An interim system of demonstrating status eligibility could be based upon individual certification plus probative documentation. In addition, because this is an interim approach, current recipients would not be cut off if they signed a certification of citizenship (or eligibility by exemption) under penalty because he or she requires additional time to collect supporting documentation.

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A. Certification

An individual applying for benefits would sign a certification of citizenship under penalty of law that he or she is a citizen.

Similarly, an individual applying for benefits would sign a certification of eligibility by exemption (i.e. refugee within 5 years, worked 40 quarters, etc.) under penalty of law.

B. Documents

There is only a small set of documents that arguably are available to present as evidence of citizenship.

- 1) For naturalized citizens: A Certificate of Naturalization.
- 2) For citizens by birth: A birth certificate.¹ In addition, several other documents would be considered sufficiently probative of citizenship to establish citizenship during the interim period pending issuance of regulations. A U.S. passport is an example of such a document.²

¹ There are problems with the birth certificate. The birth certificate is a local document and is not standardized. It is therefore one of the most easily counterfeited documents. To address this, the Senate immigration bill contains a provision that would establish federal standards for state-issued birth certificates. For example, the standard might require the use of safety paper that is difficult to copy or a letter. The administration would have one year to design the standards and submit them to Congress. Two years later, federal and state agencies issuing driver's licenses and ID card could only accept birth certificates that conformed to the standards.

² The counterargument to accepting additional documents that are probative, but "non-conclusive" is that the more documents that are acceptable the greater the opportunity for fraud.

??

C. Noncitizen Exemptions:

Several categories of immigrants are partially exempted from the ban. Demonstrating one's status within any of these categories presents additional verification complexities.

Refugees, asylees and suspended deportations are exempted for five years. This means individuals will have to establish that they fall within one of these categories plus when they were granted that status.

There may be particularly complex issues for some legal permanent residents who seek to prove that they have worked 40 qualifying quarters.

There are documents that can be referred to to establish the applicant or recipient as a refugee, asylee, parolee, veteran, active duty, or as an individual who has had deportation suspended.

D. Presumption for current applicants claiming citizenship or exemption status

Because this is an interim solution with potentially dire hardship for erroneous determinations, and will be implemented mostly by officials without training, we recommend that a presumption of citizenship (or exemption status) sufficient to continue benefits is created if the individual signs the certification under penalty, but he or she requires additional time to obtain supporting documentation. This presumption would be limited to current recipients.

RECOMMENDATIONS

A. LIMIT SCOPE OF PROGRAMS REQUIRING VERIFICATION IMMEDIATELY

The first step in a short-term verification strategy is to limit within the authority of the law the programs that would require verification. For example, the Administration should issue, as quickly as possible, a preliminary nonexhaustive list of programs that are not required to verify under Section ~~402~~ (a)(1)(D). This provision states:

403(c)(2)(G)
(D) Programs, services, or assistance (such as soup kitchens, crisis counseling and intervention, and short-term shelter) specified by the Attorney General, in the Attorney General's sole and unreviewable discretion after consultation with appropriate Federal agencies and departments, which (i) deliver in-kind services at the community level, including through public or private nonprofit agencies; (ii) do not condition the provision of assistance, the amount of assistance provided or the cost of

assistance provided on the individual recipient's income or resources; and (iii) are necessary for the protection of life or safety.

B. ISSUE FEDERAL INTERIM GUIDANCE

Federal guidance to agencies, perhaps from the Justice Department, would address issues of accuracy of determination, fairness, and nondiscrimination.

Accuracy

Guidelines would set out acceptable documents and instructions for implementation.

Fairness

Guidelines would require federal agencies and states implementing federal programs to provide a fair opportunity to establish eligibility. This goal could be advanced by the following:

1) Educational period. At least for programs granted a transitional period by the bill, the guidelines would call for a period of education for current recipients and for government employees to learn the details of the new welfare procedures, their proper implementation, and alternative sources of help for needy individuals who are no longer eligible. 5

2) Presumption. The guidance would set out an interim presumption of sufficient showing of eligibility for an individual who signs under penalty an attestation of citizenship or exemption to provide time to acquire necessary supporting documents.

3) Naturalization Information

The Federal guidance would require that, as part of any notice or communication regarding new eligibility requirements or determinations, all federal agencies and state agencies administering federal programs include naturalization information that encourages them to pursue naturalization if they are eligible.

Discrimination

The guidelines would set out the implementing agencies' responsibilities not to discriminate in implementing the new law and specifically the verification procedure. It would provide guidance on how to avoid discriminatory application. And it could indicate that the federal government would audit its programs to protect against discriminatory application.

THE WHITE HOUSE
WASHINGTON

August 21, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Carol Rasco and Jack 
SUBJECT: Status of Welfare Reform Implementation

This memo will update you on efforts to ensure that welfare reform is implemented smoothly and effectively.

We have formed an inter-agency working group to coordinate implementation, which met for the first time on August 9 and will meet on a weekly basis. We have established three subgroups. One will monitor key implementation milestones, identify and resolve issues, and ensure deadlines are met. A second group is developing proposals to expand job opportunities for those leaving welfare. A third group will coordinate Presidential welfare events. Separate work is going forward on developing proposals to correct the major flaws in welfare reform which you have identified.

One key element of implementation is work with the states through the National Governors' Association (NGA), the National Conference of State Legislators (NCSL), and the American Public Welfare Association (APWA) to ensure smooth federal-state communication. Intergovernmental Affairs is coordinating Cabinet agency contact with state and local officials on all implementation issues. NGA, NCSL, and APWA will meet on implementation issues on September 9 and 10, including governors' senior policy staff, state legislative leaders, and state social service commissioners. Intergovernmental Affairs is working with NGA to negotiate the agenda of that meeting, including making Federal officials available for briefings.

This memo summarizes the work of the subgroup dealing with implementation. There are a tremendous number of difficult implementation challenges raised by the bill. All affected agencies are at work developing their own timelines and work plans. We will be compiling these agency plans so that there is one overall framework for monitoring implementation. The following is a list of some of the main deadlines and challenges that we have so far identified.

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF) BLOCK GRANT

As you know, the bill creates the new block grant to replace AFDC and requires that states transform their AFDC systems to TANF by July 1997. There are several major issues that we will be tracking as HHS manages this transition:

- o Early Implementation -- States have the option of implementing the block grant immediately, and it is financially advantageous for them to do so. Some states may be ready to go immediately on enactment. We will be working to clarify with HHS the process and timetable for approving these plans. You should know that many states, including California, will need to seek approval from their state legislatures before submitting plans. No states are expected to call special sessions this fall on these issues.
- o Regulations -- HHS is preparing a preliminary list of areas in which it sees a need to regulate under the statute. We will be working with HHS to ensure that the new program is appropriately, but not overly, regulated.
- o Guidance to States -- HHS is also considering issuing guidance to states on how to construct their new block grant plans. We will be working closely with HHS on this guidance to ensure that it is useful and helpful to the states.
- o Approved Waivers -- The bill lets states continue to operate existing waivers. However, the bill's language is unclear about the scope of these provisions, especially the treatment of work requirements and time limits. It appears that the bill's drafters did not intend to exempt states from the work participation rates, but only to provide them with some flexibility in defining work activities. In addition, waivers that apply to only a few counties in a state can not be extended to the entire state.

As for time limits, Michigan has waivers that do not include a time limit on benefits and has indicated it will continue on this course in the plan it submits, rather than adopt time limits as required by the bill. New Hampshire may follow suit. Whether the intent of the waiver provisions can be clarified by administrative action has yet to be determined. Deciding upon the best course for clarifying the intent of the waiver provisions -- seeking legislation or through regulation (which would be our first preference) -- will be one of the implementation group's first major issues.

- o Pending and Future Waivers -- HHS has approved eight waivers in the past two days, three of which arrived after you announced you would sign the bill (D.C., Idaho, and Kansas). Wisconsin is not yet approved. HHS is prepared to act on future waiver requests until July 1, 1997 should states ask for them.
- o Other issues -- There are a whole series of operational issues the group will be addressing including the establishment and management of the Performance Bonus Fund and the Contingency Fund.

CHILD SUPPORT ENFORCEMENT

The bill requires an increased Federal role and significant state activity in this area. States must have enabling legislation in place by the end of their 1997 sessions. Federal data processing systems have be able to interact with state systems by October 1997. We must develop a registry of new hires and a case registry, and enhance the Federal Parent Locator Service. HHS has scheduled training conferences and set up joint working groups with the states. One change of interest is that states will no longer be required to pass the first \$50 of monthly support collections to the family receiving assistance as of October 1, 1996.

IMMIGRANTS

Obviously, the cross-cutting impact of the immigrant provisions of the bill will be a central concern on implementation. Among the key impacts:

- o Food Stamps -- Upon enactment, legal aliens applying for food stamps will no longer be eligible. Immigrants currently receiving benefits will lose them at the time of their regularly scheduled recertification. These recertifications would begin immediately upon enactment, with all such immigrants to be removed from the program within one year of enactment. About 900,000 participants (including 300,000 children) will be ineligible in the first year; approximately 250,000 participants will lose benefits in the first three months after enactment.
- o Supplemental Security Income (SSI) -- Upon enactment, most immigrants who apply for SSI will not be eligible. Current immigrant recipients will get benefits until the Social Security Administration (SSA) determines they are no longer eligible. By March 1997, SSA must send notices to the 1.1 million current recipients who may be legal immigrants and request evidence of their citizenship status. If the immigrant provides evidence that he or she is not eligible or fails to respond, SSA will notify the individual that benefits will be stopped. The amount of time the recipient has to respond to the first notice appears to be at SSA's discretion, although all redeterminations must be completed within one year of enactment. SSA is exploring timing options, with the intent of providing recipients as much time as possible within the law to naturalize. An estimated 300,000 to 400,000 recipients are expected to come off the rolls.

We will be focusing on two overarching issues in implementing these and the other immigration provisions:

- o Verification -- Developing a workable and fair system of verifying citizenship status that meets the needs of the various systems affected is a daunting challenge. The legislation outlines ambitious timelines, and an administration workgroup is already at work putting proposals and options together.

- o Naturalization -- In anticipation of the restrictions on benefits, many immigrants have already applied for citizenship and many more will apply as the restrictions take effect. INS has been working on initiatives to speed up the naturalization process. The Citizenship U.S.A. initiative is designed to respond to the large increase in applications and expects to naturalize 1.2 million immigrants this fiscal year. INS is also working with SSA and OMB on a new regulation that will waive English and civics test requirements for immigrants with certain serious disabilities and perhaps establish a special waiver for many disabled immigrants receiving SSI.

FOOD STAMPS -- NON-IMMIGRANT PROVISIONS

Eligibility for 18-50 Year-old Childless Adults -- Most able-bodied adults without children will now be limited to 3 months of food stamps in a 36-month period if they are not working or participating in a work or workfare program. For current recipients, this limit is effective 3 months after enactment. One million current recipients will become ineligible within six months. Households remain ineligible for the balance of the 36-month period unless they obtain work or get a slot in a job training or workfare program.

Making the extensive changes to their computer systems to determine the eligibility of individuals who are dropped from the rolls and to track new recipients against the time limits will be a major implementation challenge to states.

Benefit Levels -- Changes to the standard income deduction and the excess shelter deduction will reduce benefits for nearly all of the 25 million monthly participants. Food stamp allotments will still increase under these changes, but much less than under prior law. The impact increases over time -- by 2002, average benefits will be nearly 20% lower.

These provisions involve relatively simple computer changes. The Department of Agriculture (USDA) expects most states will be able to implement them on October 1 and January 1, respectively, without delay.

OTHER KEY PROVISIONS

SSI for Children -- The bill tightens SSI eligibility for children with disabilities. Upon enactment, new applicants who do not meet the new standard will be ineligible. Current recipients will get benefits until SSA makes a redetermination that they are no longer eligible. Children whose cases must be reviewed will receive notices by January 1997. Those found no longer eligible will be sent a notice that benefits will be stopped. In certain cases, benefits may continue until the first level of appeal is completed. The bill calls for all redeterminations to be completed within one year of enactment. An estimated 285,000 initial notices will be sent and an estimated 190,000 children are expected to come off the rolls. SSA is working on the plan for the timing of the release of the first notices and the subsequent processes.

Medicaid -- The Medicaid program faces two major challenges in implementation: (1) delinking eligibility for Medicaid from the welfare system, and (2) assessing the impact on pending and existing waivers. The Health Care Financing Administration is working closely with other parts of HHS and with SSA to meet these challenges.

Child Care -- The bill block grants several child care programs, effective at the beginning of the fiscal year. While these changes are mostly positive, the timeframe for implementation is challenging.

Monitoring and Evaluation -- One key overarching issue will be to ensure that agencies are establishing effective research, evaluation, and monitoring capabilities to identify the impact of these dramatic changes on the individuals and institutions involved.

JOB OPPORTUNITIES

The interagency working group on the welfare jobs issue is nearing completion of a package of options. At this point it appears that the components will likely be: about \$1 billion in enhancements to the Work Opportunities Tax Credit passed in the minimum wage bill; a \$100 million expansion of the Community Development and Financial Institutions program to enhance economic development in distressed areas; a \$3 billion spending program to place one million hard-to-employ welfare recipients in unsubsidized jobs, with the key feature of withholding full payment to States until successful job placement and retention.

NEED FOR LEGISLATION

Work has begun on developing proposals to correct the major flaws in the welfare reform bill. Among those you have noted are: (1) the too-deep cuts in the Food Stamp Program, including the cap on the amount that can be deducted for shelter costs when determining an individual's eligibility; (2) the denial of Federal assistance to legal immigrants and their children, and the state option to do the same; and (3) the failure to provide Food Stamp support to unemployed childless adults who are willing to work, but not offered a work slot.

Additional issues requiring corrective action include: (1) the failure to provide sufficient contingency funding for States that experience a serious economic downturn; and (2) the lack of a provision for in-kind vouchers for children whose parents reach the five-year Federal time limit without finding work.

CONCLUSION

We will keep you up to date on developments as we go forward.

cc: Leon Panetta

NEW YORK

Girding for Surge in Workfare

New York City and State officials are scrambling to prepare for the largest public jobs program since the Depression — in their effort to meet the requirements of the Federal welfare bill passed by Congress this summer. The program could create a statewide work force of welfare recipients as large as New York City's existing payroll at a cost that may exceed \$1 billion a year. Under the plan, within two years, as many as one-quarter of the state's adult welfare recipients are to begin working for the city and other governments around the state in exchange for their welfare benefits. But city officials acknowledge that they have no idea where they will get the money to administer such a huge program. [Page A1.]

New York Girding for Surge in Workfare Jobs

By DAVID FIRESTONE

New York City and State officials are scrambling to prepare for the largest public jobs program since the Depression — in their effort to meet the requirements of the Federal welfare bill passed by Congress this summer. The program could create a statewide work force of welfare recipients as large as New York City's municipal payroll at a cost that may exceed \$1 billion a year.

Under the plan, within two years as many as a quarter of the state's adult welfare recipients — 100,000

people, mostly single mothers — are to begin working for the city and other governments around the state in exchange for their welfare benefits. By 2002, that number may grow to nearly that of the city's current work force, 204,000 employees.

But city officials acknowledge that they have no idea where they will get the money to administer such a huge program, particularly in the case of mothers whose children need day care.

"There's always work to be done in the city of New York," said Richard Schwartz, a senior adviser to Mayor Rudolph W. Giuliani who su-

pervises welfare policy. "But there's clearly a deficiency in the bill in covering the costs of workfare."

The Mayor has said the bill deliberately shifts costs from Federal to local taxpayers, leaving cities and states without the money to take care of workers' children in a "humane or a decent way."

The welfare bill, which President Clinton said he would sign into law this month, ends the guarantee of cash assistance under Aid to Families With Dependent Children and imposes time limits and work re-

quirements on welfare benefits. City and state officials said that rather than subsidize private employment or face the financial penalties written into the bill, they will find work for welfare recipients. The officials listed a variety of tasks, including cleaning parks and courthouses, answering telephones and doing clerical work in city agencies, and possibly supervising school lunchrooms.

There are provisions in the bill that could reduce the number of people required to work, particularly if the state is successful in reducing its welfare caseload. But even if only 100,000 people eventually go to work, the cost of day care and administering the workfare program would be \$950 million a year, not including the benefits that workers receive, according to city and state estimates. Only a fraction of that amount will be covered by the Federal funds appropriated in the new welfare bill.

New York City already has the largest workfare program in the country, with 34,000 people now working in exchange for their welfare benefits. But most of those workers are part of the state's Home Relief program, which provides benefits primarily to childless adults. The new workers in the program required under the bill are almost entirely single parents, who will need child care that could cost the state and the city about \$540 a month for each case. That's almost as much as their welfare benefits,

which are now \$577 a month for a family of three.

Although the total costs will loom large in tight city and state budgets, the cash benefits that would go to individuals in the year 2000 amount to less than they would make working the required 30 hours for the minimum wage.

The new workers — who would be given no benefits other than Medicaid and within a few years would receive less than the newly approved minimum wage — are also likely to raise significant labor issues for the city and its powerful municipal unions. Local union officials have thus far been compliant with the existing workfare program in the city, and helped negotiate a clause in the new Federal bill that prohibits the direct replacement of current employees by welfare recipients. But under the bill, cities are still free to fill all vacancies with welfare workers and could also reduce the size of the city work force, even if the welfare work force is growing.

Stanley Hill, executive director of District Council 37, the largest municipal union, representing 125,000 city workers, said he would not stand by and allow the bill to create a

"separate, second-class work force" as large or larger than his own union. He said his union was exploring how to begin organizing the new welfare workers, possibly as members of the union, to prevent their exploitation.

Because the workers are participating in a welfare program and are not city employees, however, they do not appear to be covered by Federal labor law and could instantly lose their welfare benefits if they attempt a work slowdown or other collective

WELFARE REFORM MORNING REPORT

FACSIMILE TRANSMISSION COVER SHEET

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Washington, D.C. 20447
Fax: (202) 205-4678

Cover + 6 Pages Date: Thursday, August 15, 1996
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WELFARE REFORM

MORNING REPORT

Thursday, August 15, 1996

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Part I Calendar

Part II Press Clips

ALSO NOTE: The "Various Articles" portion of the Welfare Reform Morning Report is also available as an e-mail attachment in text, WP5.1, Word 6.0 formats. If you would like to receive the "Various Articles" section, please send your e-mail address to Dana Colarulli .
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August 1996

WELFARE REFORM SCHEDULE

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
11	12	13	14	15	16	17
	•Republican National Convention Begins -- San Diego, CA August 12-15		•National Association of Social Workers 1996 Delegate Assembly Aug 14-18			
18	19	20	21	22	23	24
25	26	27	28	29	30	31
•American Public Welfare Association (APWA) American Association of Food Stamp Directors: Annual Conference (August 25-28/Charleston, SC) - National Child Support Enforcement Association Aug.25-29 (Louisville, KY) 45th Annual Conference and Exposition -- MJB Remarks	• Democratic National Convention Chicago, IL August 26-28		•Women Work, The National Network for Women and Employment Training Meeting -- August 28 (Washington,DC) • ACF Regional Family Preservation Conference (Newark, New Jersey). August 28-29 •Nat'l Rural Development Partnership Meeting (NRDP) 8:30-10:00PM			

Welfare Reform Morning Report -- August 15, 1996:

The House is in recess until September 4.
The Senate is in recess until September 3.

Monday, August 12, 1996

Welfare's 'end' stirs confusion around nation

By Helen O'Neill
The Associated Press

Welfare is ending as we know it, but questions about the future of America's poor are just beginning.

President Clinton's decision to sign legislation that will dismantle the core of welfare — Aid to Families With Dependent Children — has been greeted as much by confusion as concern by social service agencies across the country.

For the first time in six decades, the nation's needy — long guaranteed a federal safety net and now numbering 12.8 million — will have to rely on their states for help. How states respond will depend on their priorities, their resources and their resolve.

"States will have to make a whole set of decisions they have never had to make before and establish priorities that before were established for them," said Linda Wolf, deputy director of the American Public Welfare Association.

Starting Oct. 1, states can apply for federal block grants based on previous welfare expenditures. They then have until July 1 to submit formal plans. They may spend the money however they want, as long as it goes to the poor.

The differences are huge on how

equipped states are to handle the federal changes, which include a lifetime-benefits limit of five years, stringent rules that recipients find work within two years, and cuts in food stamps and aid to immigrants and disabled children.

"States have been in limbo for so long, there is a certain amount of relief that Washington has finally acted," said Jack Tweedle of the National Conference of State Legislatures. "But they are frantically trying to understand the implications, including figuring out how to create new jobs and double the number of child-care slots."

Forty-three states have already started experiments in welfare reform, with the federal government's blessing. Others held up, waiting for Washington to act before they applied for waivers to sidestep federal standards.

Where those applications stand now and what happens to existing waivers is unclear.

On one hand, Michael Kharfen, spokesman for the U.S. Department of Health and Human Services, says states can continue operating their own welfare programs until their waivers expire. But the state experiments have widely varying restrictions,

some of which could collide with the new federal regulations.

The reform legislation requires 25 percent of each state's welfare population to be working by fiscal 1997 and 50 percent to have jobs by 2002. States that fail to meet these levels will lose grant money.

In Kentucky — one of seven states that has not tinkered with its welfare programs in any way — the biggest concern lies in the coal mining counties of Appalachia,

where nearly one in 12 people receives AFDC. As coal mining declines, many poor eastern Kentuckians argue there are simply not enough jobs for people who want them.

In states like Texas, California and New York, the toughest question is who will take care of the immigrants who cannot take care of themselves. An estimated 187,000 legal immigrants living in Texas would lose their food stamps



Associated Press / David Perry

Shawn Cornett, a young Kentucky mom who receives welfare, isn't optimistic about changes: "I think a lot of people will start starving."

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WILLIAM RUSHER*Washington Times - 8/15/96*

August 15, 1996

The Washington Times

Let's leave the events at the Republican convention in San Diego till next time, and deal with a subject that deserves our careful attention before it is forgotten in the rush of subsequent developments: the welfare reform bill passed by Congress just before it adjourned.

This is one of the most important pieces of legislation in decades. For the first time, a major liberal welfare "entitlement," dating back to the New Deal, has been repealed. Passage of the bill, which President Clinton agreed to sign, is a confession that federal welfare policy is a total disaster. Having thrown several trillion dollars down that rathole in the past 30 years alone, we find that life in the ghettos is infinitely worse than it was when it all began — in large part precisely because federal handouts worsened almost every social problem they were supposed to cure.

Nevertheless, and to no one's surprise, the remaining defenders of the federal welfare state all but burned themselves alive in the public square to protest passage of the bill. New York's Democratic senator, Daniel Moynihan, actually told a national television audience, in his usual clipped and didactic manner, that we were throwing a million innocent children out onto the streets to starve, and may God have mercy on our souls!

What is surprising is how slow the Republicans have been to counter this arrant nonsense. False as the charge is, it will still, unless promptly and firmly contradicted,

Hysteria over welfare reform

frighten a large number of uninformed but tender-hearted women, and a smaller but still significant number of men, into the Democratic column on Election Day to prevent this alleged holocaust.

What are the facts? To spare you having to trust me, let me quote Mickey Kaus, a contributing editor of the (liberal) *New Republic*, writing on the op-ed page of the equally liberal *New York Times*:

"Under the new law, Washington will continue sending some \$20 billion a year to the states to spend on aid to needy families. ... [The] states will take the federal money they now spend on [Aid to Families With Dependent Children] and try out various reforms. ...

"There is a risk that some states will be too harsh. But Congress does not give away \$20 billion, even in block grants, without keeping an eye on how the money is spent.

"Governors, for their part, will

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

Does that sound as if we will shortly see the corpses of a million shrunken-bellied children littering the streets? Of course not; yet the liberals in Congress, who created this whole mess in the first place, and then let it fester and worsen for 40 years while they were in control, are shouting flat-out lies at the heavens in a futile effort to prevent anyone from remedying it.

I have no doubt President Clinton agreed to sign the bill — over the dead bodies of at least half of his fellow-Democrats in the Congress — because he realizes that the American people are thoroughly disgusted with "welfare as we know it" and that they vividly remember his 1992 pledge to end it.

But unless I miss my guess, they will also remember that it was this Republican 104th Congress that finally took firm action to reform the welfare system. That is a major feather in the Republicans' cap, and it is entirely reasonable to suppose that the voters will bear it in mind on Election Day.

William A. Rusher, a distinguished fellow of the Claremont Institute, is a nationally syndicated columnist.

Below is the introduction to the APWA/NGA/NCSL summary of the Conference Bill. The entire summary can be found at: <http://www.apwa.org/reform/analysis.htm>

Welfare Reform

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996

(Conference agreement for H.R. 3734)

Analysis prepared by:

the American Public Welfare Association (APWA),
the National Governors' Association (NGA),
and the National Conference of State Legislatures (NCSL)
(Revised August 9, 1996)

The conference agreement for H.R. 3734, the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, was passed by the House of Representatives on July 31, 1996 (328 yeas to 101 nays), and by the Senate on August 1 (78 yeas to 21 nays). Prior to the House vote, the president announced his intention to sign the bill, thus "ending welfare as we know it."

The bill is a comprehensive piece of legislation with far-reaching implications in a number of programs. The bill eliminates the open-ended federal entitlement program of Aid to Families with Dependent Children (AFDC) and creates a new program called Temporary Assistance for Needy Families (TANF), which provides block grants for states to offer time-limited cash assistance. The comprehensive legislation also makes far-reaching changes to child care, the Food Stamp Program, Supplemental Security Income (SSI) for children, benefits for legal immigrants, and the Child Support Enforcement program.

Modifications to the child nutrition programs and a reduction in the Social Services Block Grant (SSBG) also are included in the act. Unlike previous versions, however, current law is retained for child welfare and child protection programs. The legislation will save an estimated \$54.5 billion over six years, with most of the savings due to changes in the Food Stamp Program and reductions in benefits for legal immigrants.

To learn more about what is in the Personal Responsibility and Work Opportunity Reconciliation Act, select from the sections below.

Note: All sections of this analysis are now posted and should be fully accessible through your web browser. If you have difficulties accessing any portion of this analysis, contact Steve Boehm, APWA Web Site Editor, via e-mail or by calling APWA at (202) 682-0100.

- Temporary Assistance for Needy Families (TANF) Block
- Grants (Title I)
- Supplemental Security Income (SSI) (Title II)
- Child Support (Title III)
- Benefits for Immigrants (Title IV)
- Medicaid (Provisions contained in Titles I and IV)
- Child Protection (Title V)
- Child Care (Title VI)
- Child Nutrition Programs (Title VII)
- Food Stamp Program (Title VIII)
- Social Services Block Grant (SSBG) (Title IX)
- Electronic Benefits Transfer Systems (EBT) (Titles VIII and IX)

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More about welfare reform.

Return to APWA's home page

N.J. ready with welfare changes

Whitman has plan regardless of federal decision

TRENTON (AP) — As tension builds in Washington over a welfare showdown, state officials said yesterday they are ready to proceed with their changes no matter what Congress and President Clinton end up agreeing to.

Gov. Christie Whitman in January announced welfare changes under the moniker Work First New Jersey to move all welfare recipients into jobs, even community-service volunteer jobs if necessary, if they want to qualify for continued benefits.

The program also would impose new rules such as a five-year limit on benefits and a mandate that teenagers live at home or with an adult guardian to qualify for payments.

Details of the federal bill under debate remained fluid last evening, but Whitman has heartily endorsed the overall change in federal policy that would erase myriad regulations on what states must provide and how.

Under current law, New Jersey

must ask federal authorities to grant between 30 and 50 special exemptions to federal law, or "waivers," in order to implement the Work First program.

If Clinton signs the Republican-drafted legislation, a lot of specific federal controls will vanish and most of the exemptions will no longer be needed.

BUT STATE Human Services Commissioner William Waldman said in either case the state expects to be ready to go forward in January, at least in some counties if not statewide.

"It is an exciting time for us because we will go forward no matter what happens, but it will be to our advantage if the president signs the legislation," Waldman said.

Since Whitman announced her plan as part of her Jan. 29 budget ad-

dress to the Legislature, the department of Human Services has been preparing the technical aspects of its program and has waiver requests ready to go. Further, Waldman said they have informal assurances of quick action by federal officials because Clinton does not object to most of the specifics about what New Jersey intends to do.

"I think he will still move the waivers quickly even if he vetoes the bill because he can't be seen as anti-welfare reform," Waldman said.

New Jersey has avoided some of the more contentious federal quarrels by promising to maintain food stamps, to ensure day care for all mothers before requiring them to work and to maintain welfare benefits for immigrants.

Odette Ramos, policy chief at the Center for Nonprofit Corporations

in Princeton, is helping organize a national telephone marathon today for advocates to call and send faxes to the White House urging a veto.

Ramos said she opposes the five-year limit in both the state and federal proposals and the New Jersey emphasis on minimum-wage jobs rather than training.

"We've already taken a stance in saying that we don't like the time limit. Granted, there aren't very many families that reach it, but those that do, what is going to happen with them? And that is a big question, especially with the children," Ramos said.

Ramos said day-care provisions are crucial but many organizations that work with the poor are not convinced the Department of Human Services can provide the day care needed.

"They make those assurances, (but) we don't know," she said.

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Welfare Reform Waivers Anger Republicans

By ELIZABETH SHOGREN

TIMES STAFF WRITER *LK TIMES 8/22/96*

WASHINGTON—In the days before President Clinton signs sweeping welfare reform legislation, his administration has granted several states permission to waive some of the tough new requirements in the law—a move that Republicans charge is intended to undermine it.

In the two weeks since the measure won congressional approval, the Department of Health and Human Services has granted the waivers, including one to California—although the state does not plan to undercut the tough new federal rules. Other states had been granted waivers to federal requirements by the administration before the welfare legislation was passed by Congress.

While Republicans were ardent supporters of the earlier waivers, they now are criticizing Clinton for continuing to approve state requests now that Congress has passed federal reforms that the president has endorsed and plans to sign into law today.

Their reasoning: The earlier waivers contained provisions that were tougher than existing federal law but the changes approved by Congress earlier this month are even tougher in an effort to break the cycle of welfare dependency.

Granting waivers now, the Republicans argue, effectively allows states to avoid the tough new federal standards.

In a harshly worded letter to the president, the chief congressional architect of the legislation accused the administration of actively working to "undermine the spirit and the letter" of the bill. The letter, from Rep. E. Clay Shaw Jr. (R-Fla.) criticized the administration

Please see WELFARE, A6

WELFARE: Last-Minute Waivers

Continued from A1

specifically for granting waivers to the District of Columbia, Hawaii and Minnesota.

Hawaii's and the District of Columbia's waivers relax a new welfare eligibility cap that will limit an individual to five years of cash assistance in a lifetime. Under Minnesota's waiver, individuals with long commutes to jobs and recipients who are "under duress" will not have to search for work and take jobs, as the new law will require.

"We must work together and not dilute the time limits and the work requirements," Shaw said in the letter dated Aug. 22 but made available to The Times on Wednesday.

But administration officials defended approval of the waivers.

Shaw specifically added language to the legislation that would allow the administration to continue to grant waivers until the president signs the bill, according to HHS spokeswoman Melissa Skolfield. He also included a provision that allows states with waivers to continue to follow their own welfare rules until their waivers expire in the next three to 10 years.

Shaw put the clauses "in the bill

In a harshly worded letter to the president, the chief congressional architect of the legislation accused the administration of actively working to "undermine the spirit and the letter" of the bill. The letter, from Rep. E. Clay Shaw Jr. (R-Fla.) criticized the administration specifically for granting waivers to the District of Columbia, Hawaii and

because Republican governors asked him for it," Skolfield said. "It's simply giving states a little more flexibility." The states that received last-minute waivers have governors from both parties.

Unlike the other recent waivers, the one granted to California was for a narrow provision that is consistent with the new federal law. It allows the state to freeze welfare payments when families on welfare have additional children.

Republicans are particularly concerned about waivers from the five-year time limit and from the definition of what counts as work.

The new federal legislation, while requiring states to limit benefits to five years in a recipient's lifetime, allows them to exempt up to 20% of their caseload from the rule.

Officials in states granted waivers with more lenient time limits defended their policies.

"As long as individuals are making every effort to become employed, but by no fault of their own they cannot find jobs, we think they should still qualify for assistance," said Patricia Murekami, the director of family and adult services administration of the Hawaii Department of Human Services.

Murekami said she was relieved that Washington had approved her state's waiver. It means that welfare recipients in her state would not face "five years and then boom."

Kathy Patterson, a councilwoman in the District of Columbia, argued that the district's welfare population is especially dependent on the aid and that low-wage jobs are scarce.

"When poverty is more intractable, it takes longer for people to get off welfare," Patterson said.

Republican sponsors of the legislation, however, said a strict time limit is necessary to prod people to change their behavior and become self-sufficient.

The new legislation requires states to put 50% of their welfare recipients in jobs by 2002. But Republicans argue that waivers granted by the Health and Human Services Department might allow many states to say that they had met the requirement without having people in real jobs.

Most states consider education programs, job training, drug rehabilitation and other activities as work, while the new legislation does not.

Welfare Reform Talking Points

11/15

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

Questions and Answers on Welfare Reform

August 20, 1996

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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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 be 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.

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

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

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

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

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

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

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

Q: When does the new welfare system take effect?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q: How does this reform affect public housing?

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

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

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

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

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

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

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

Work Will Pay More Under Welfare Reform

People On Welfare Who Work Will Be Better Off

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

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

People Who Move From Welfare To Work Will Be Better Off

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

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

August 1996

Contact: HHS Press Office
(202) 690-6343

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996

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

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

MAKING WELFARE A TRANSITION TO WORK

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

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

PROMOTING RESPONSIBILITY

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

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

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

Teen Parent Provisions

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

IMPROVEMENTS OVER THE VETOED BILL

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

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

NECESSARY IMPROVEMENTS

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

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

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

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

COMPARISON OF WELFARE REFORM MAJOR PROVISIONS

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

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

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

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

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

MEDICAID PROVISIONS

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

FOOD STAMPS PROVISIONS

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

OTHER PROVISIONS

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

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

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

PRESIDENT CLINTON: Good afternoon.

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

For those reasons, I will sign it into law.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

To: National Desk

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

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

The Briefing Room

3:12 P.M. EDT

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

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

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

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

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

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

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

important.

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

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

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

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

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

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

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

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

SECRETARY SHALALA: Over six years.

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

SECRETARY SHALALA: Yes.

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

SECRETARY SHALALA: Fourteen billion dollars.

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

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

Q What's the provision now?

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

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

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

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

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

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

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

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

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

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

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

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

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

That becomes a very sensitive issue for us.

Q -- bill does what as --

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

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

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

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

SECRETARY SHALALA: No.

Q -- and was it what you expected?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Q Is it moot --

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

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

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

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

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

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

Q Which is likely --

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

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

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

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

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

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

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

Do you want to --

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

Q But from your own starting point --

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

SECRETARY SHALALA: Deficit-neutral, basically.

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

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

MR. REED: In 1994?

Q Yes.

MR. REED: Which was deficit --

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

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

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

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

THE PRESS: Thank you.

END 3:34 P.M. EDT

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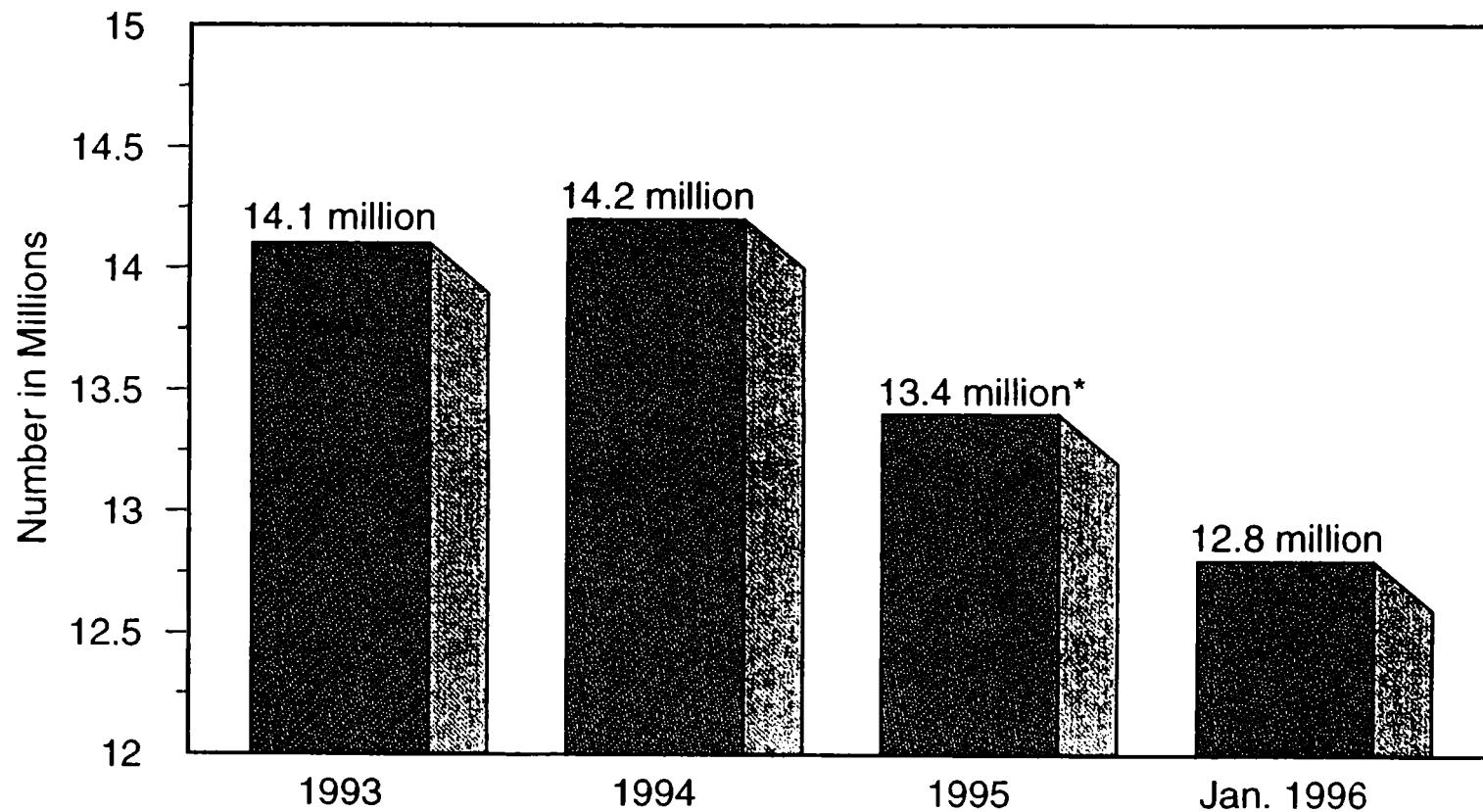
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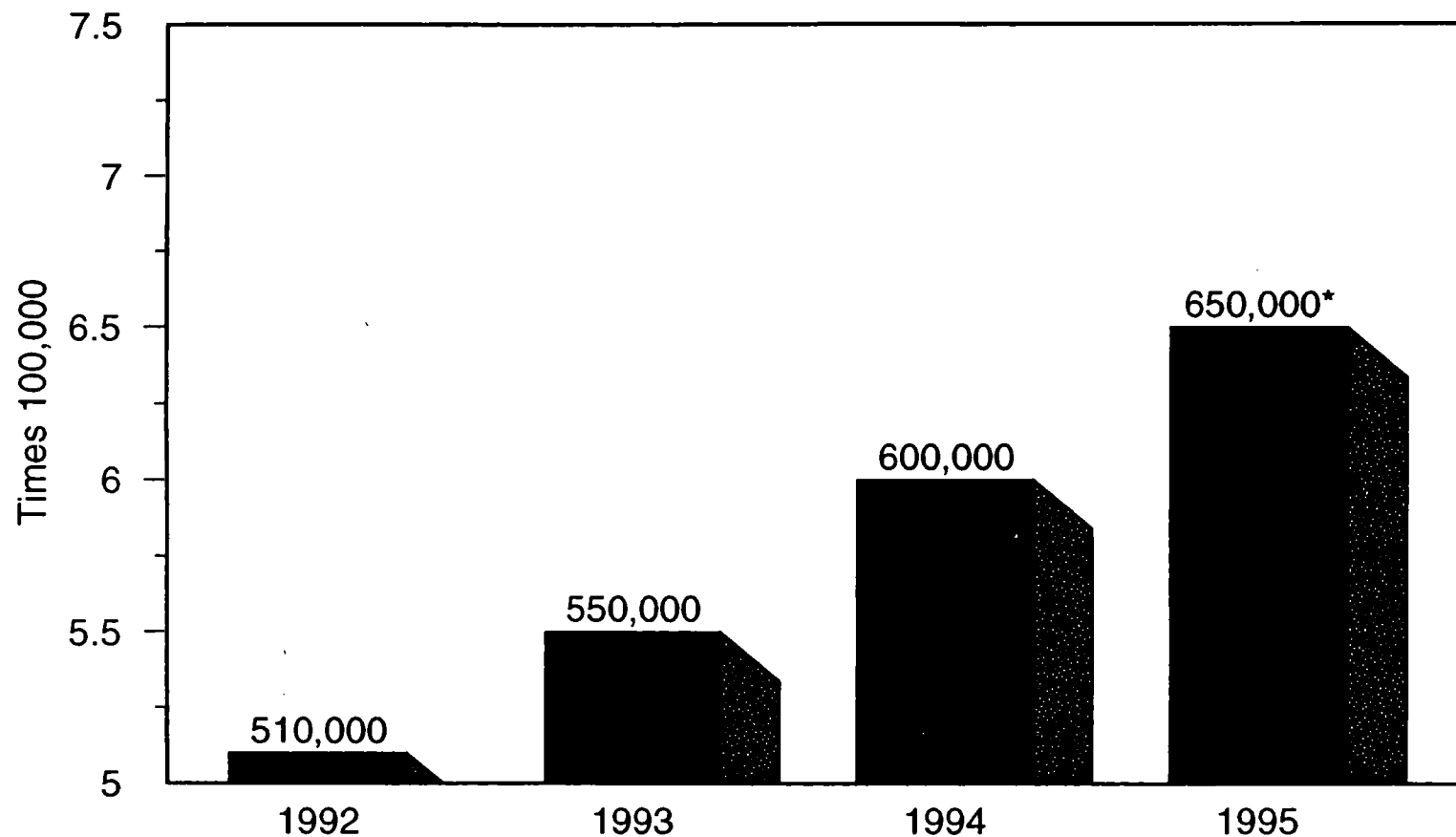
The Total Number of AFDC Recipients Has Declined Under the Clinton Administration



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

*Preliminary Estimate

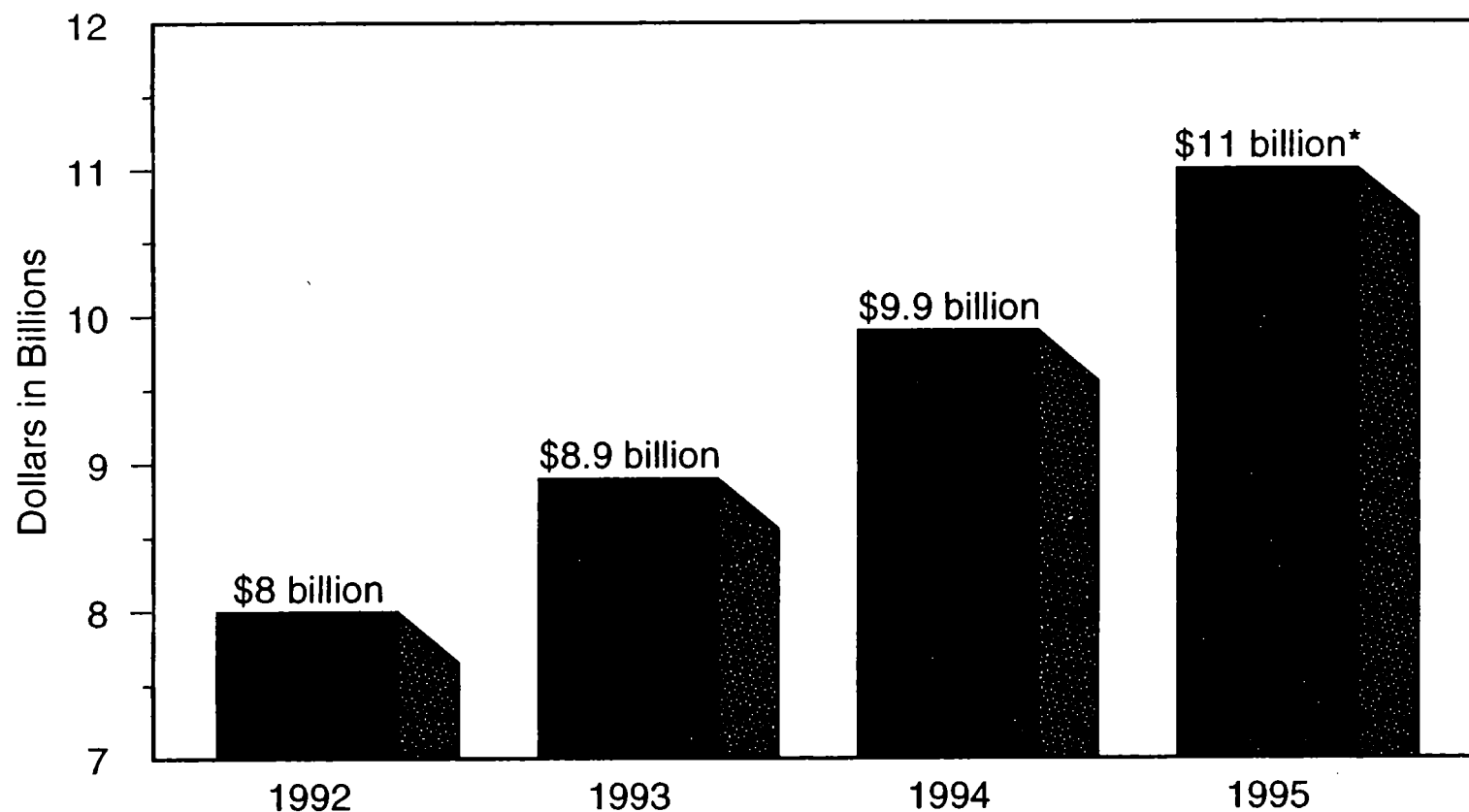
Work and Training Activities Among AFDC Recipients Have Increased Under the Clinton Administration



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

*Preliminary Estimate (All Numbers Rounded)

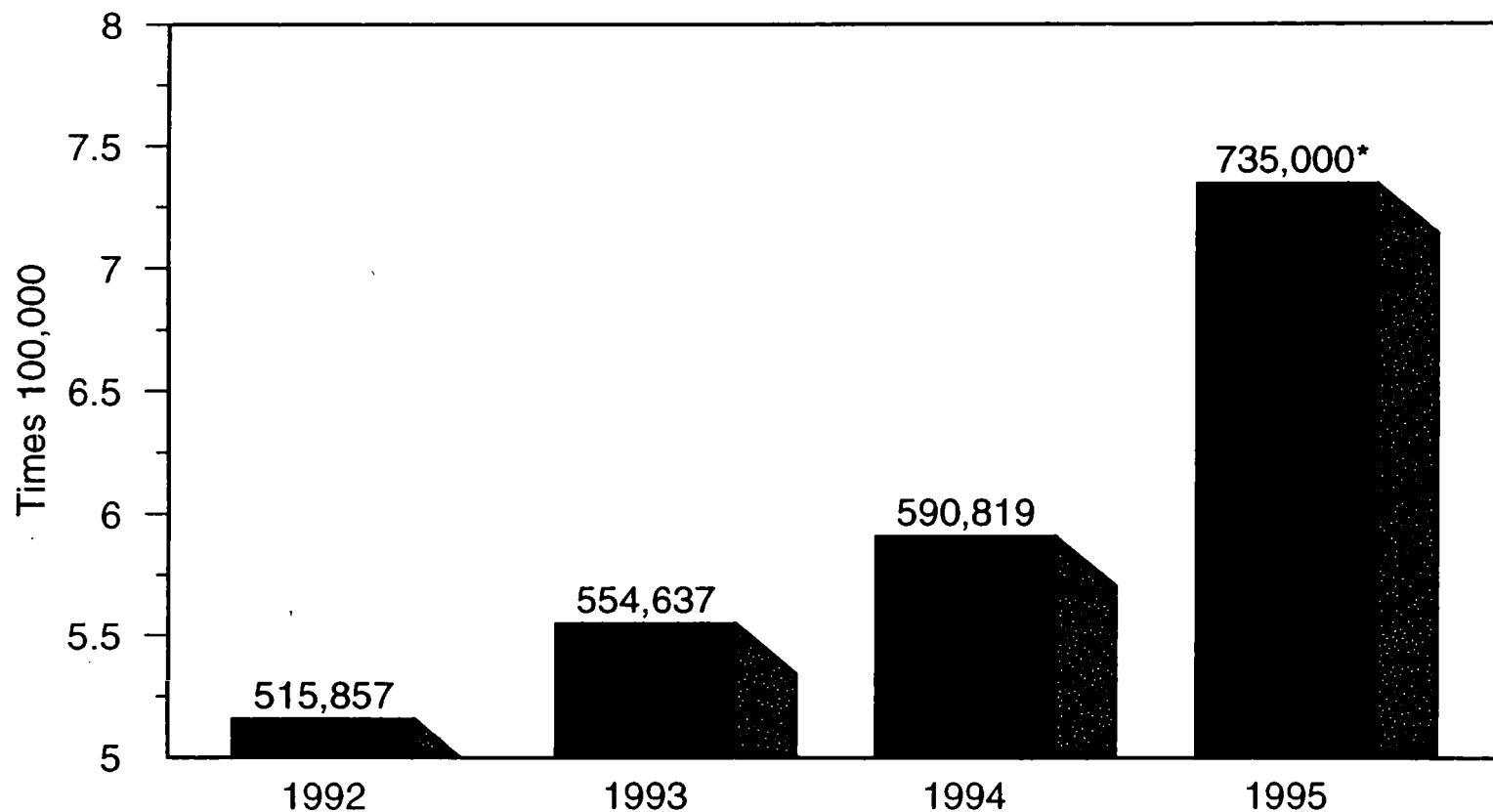
Child Support Collections Have Increased Under the Clinton Administration



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

*Preliminary Estimate

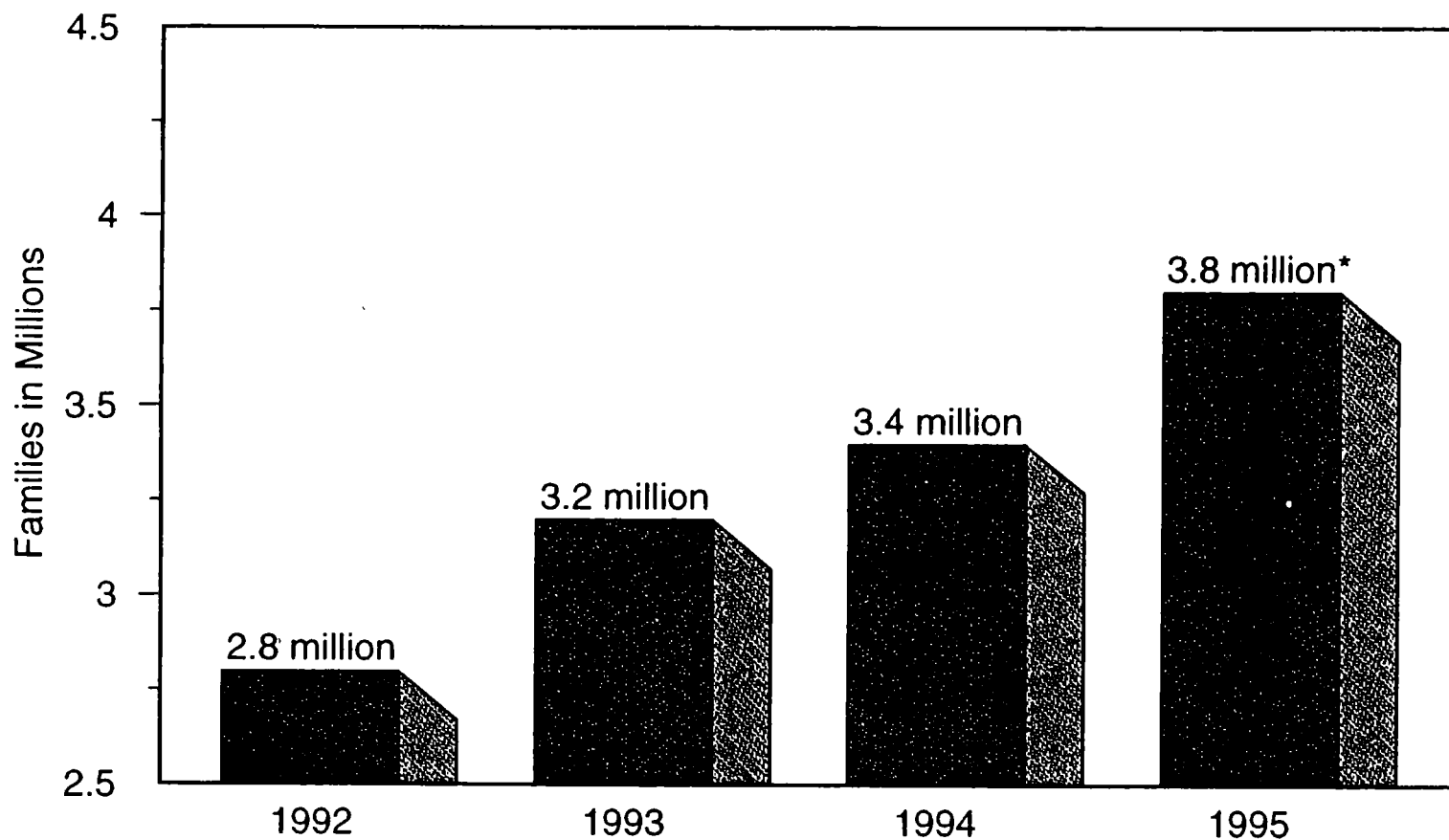
Paternity Establishments Have Increased Under the Clinton Administration



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

*Preliminary Estimate (All Numbers Rounded)

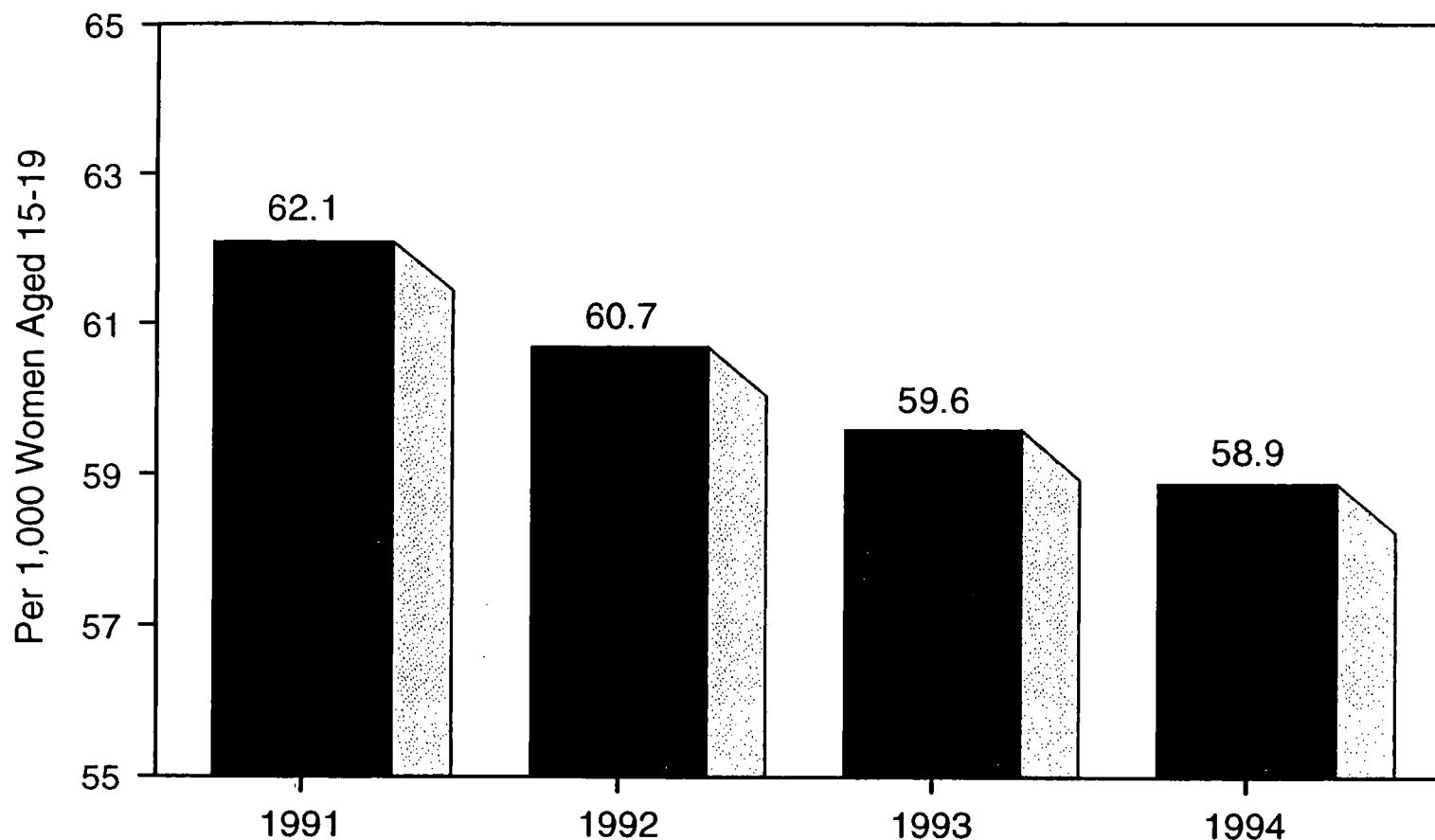
Families Served by Child Support Enforcement Have Increased Under the Clinton Administration



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

*Preliminary Estimate

Teen Birth Rates Have Declined Under the Clinton Administration*



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

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