

Add to
Welfare
Archive

**Percent of Welfare Caseload that can be in Vocational Education
and Count as Working Under Revised Welfare Law**

Yr	Statutory Cap	Work Req.	Net	Less Teen Parents	Current Limit on Voc. Ed.	Wellstone Amdt.	Old Law - Strict Interp.	Old Law - Liberal Interp.
98	30%	x 30%	9%	don't count	9%	9%	2%	16%
99	30%	x 35%	10.5 %	don't count	10.5%	10.5%	3%	16%
00	30%	x 40%	12%	4%	8%	12%	4%	16%
01	30%	x 45%	13.5 %	4%	9.5%	13.5%	5%	16%
02	30%	x 50%	15%	4%	11%	15%	6%	16%

6 → 2 & mos v o c e d
but not college
(effectively
allow cc)

↓
= 20% cap - 4% teen p

20% cap x 30% - wk req - 4% teen p = 50%

1 → only part of cap can be college

2 → - Waivers

3 → - Some work
4 → - Only 12 mos v o c e d, no teen p.

5 → - SSP

- 20-30 hour leap

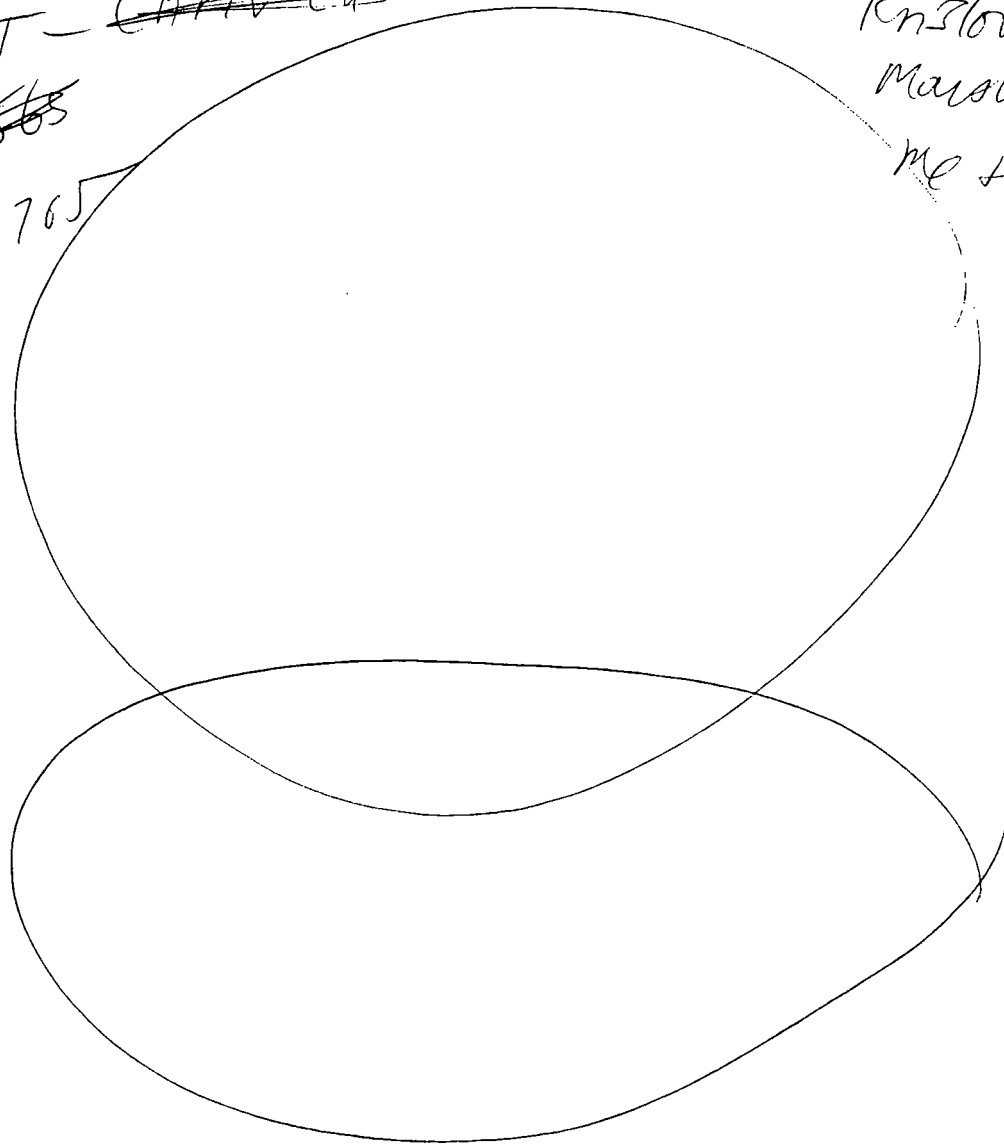
- Time limit

tom. a. m. - conf call

Coning Kristlov
K + T - ~~Chriv La~~

~~1865~~
219-7765

Elekna
Kristlov →
Marshall
me + C



URGENTTotal Pages: 4

LRM ID: CJB243

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

Tuesday, July 7, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: *Janet R. Forsgren*
Janet R. Forsgren (for) Assistant Director for Legislative Reference

OMB CONTACT: Constance J. Bowers
PHONE: (202)395-3803 FAX: (202)395-6148

SUBJECT: Congressional Amendment(s) on S1882 Higher Education Amendments of 1998 -- Wellstone Amendment on Expansion of Educational Opportunities for Welfare Recipients

DEADLINE: 11:00 a.m. Wednesday, July 8, 1998

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

COMMENTS: This deadline is firm -- The Senate is expected to begin consideration of S. 1882 on July 8th. Therefore, any Administration comments on the bill or possible amendments, e.g., the attached, must be cleared and submitted on July 8th.

DISTRIBUTION LIST**AGENCIES:**

52-HHS - Sondra S. Wallace - (202) 690-7760
7-AGRICULTURE - Marvin Shapiro - (202) 720-1516
110-Social Security Administration - Judy Chesser - (202) 358-8030

EOP:

Diana Fortuna
Cynthia A. Rice
Andrea Kane
Barry White
S. A. Noe
Wayne Upshaw
Kathryn B. Stack
Anil Kakani
Jack A. Smattigan
Janet R. Forsgren

*Barry - Is this a real prob
EO - No hard evidence*

LRM ID: CJB243 SUBJECT: Congresssional Amendment(s) on S1882 Higher Education Amendments of 1998 -- Wellstone Amendment on Expansion of Educational Opportunities for Welfare Recipients

**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

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

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

**TO: Constance J. Bowers Phone: 395-3803 Fax: 395-6148
Office of Management and Budget
Branch-Wide Line (to reach legislative assistant): 395-7362**

**FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)**

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

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

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

S.L.C.

AMENDMENT NO. _____

Calendar No. _____

Purpose: To expand the educational opportunities for welfare recipients.

IN THE SENATE OF THE UNITED STATES—106th Cong., 2d Sess.

• S. _____

To reauthorize the Higher Education Act of 1965, and for other purposes.

Referred to the Committee on _____
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. WELLSTONE,
Vis: Mr. Ford, Mr. Johnson, Mr. Purdin and Mr. Levin

1 At the appropriate place in title VII, insert the follow-
2 ing:
3 SEC ____ EXPANSION OF EDUCATIONAL OPPORTUNITIES
4 FOR WELFARE RECIPIENTS.
5 (a) 24 MONTHS OF POSTSECONDARY EDUCATION
6 AND VOCATIONAL EDUCATIONAL TRAINING MADE PER-
7 MISSIBLE WORK ACTIVITIES.—Section 407(d)(8) 'of the
8 Social Security Act (42 U.S.C. 807(d)(8)) is amended to
9 read as follows:

2

1 “(8) postsecondary education and vocational
2 educational training (not to exceed 24 months with
3 respect to any individual);”.

new wk
activity

4 (b) MODIFICATIONS TO THE EDUCATIONAL CAP.—

5 (1) REMOVAL OF TEEN PARENTS FROM 80 PER-
6 CENT LIMITATION.—Section 407(c)(2)(D) of the So-
7 cial Security Act (42 U.S.C. 607(c)(2)(D)) is
8 amended by striking “, or (if the month is in fiscal
9 year 2000 or thereafter) deemed to be engaged in
10 work for the month by reason of subparagraph (C)
11 of this paragraph”.

12 (2) EXTENSION OF CAP TO POSTSECONDARY
13 EDUCATION.—Section 407(c)(2)(D) of the Social Se-
14 curity Act (42 U.S.C. 607(c)(2)(D)) is amended by
15 striking “vocational educational training” and in-
16 serting “training described in subsection (d)(8)”.

Weekly Report
Diana Fortuna
July 16, 1998

Wellstone Amendment to Count College Attendance toward Welfare Work Requirements Passes Senate -- As part of its passage of the higher education reauthorization, the Senate passed an amendment offered by Senator Wellstone on college attendance and welfare by a vote of 55-43. It would allow states to count up to two years of college toward the welfare work requirements, and increase from 12 to 24 months the amount of time that vocational education counts as work. (Both of these would be subject to the 30% cap on the percentage of the caseload that can count vocational education as work.) Ten Republicans voted in favor (Hatch, Snowe, Allard, Jeffords, D'Amato, Stevens, Thomas, Specter, Chafee, Collins). Supporters argue it will help welfare recipients increase their earning potential and permanently leave welfare. Senator Roth argued against weakening the work requirements, and we understand that House Republicans will fight it in conference.

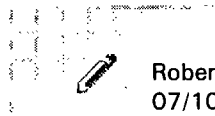
We have opposed any weakening of the work requirements on principle. We have also worked to educate states, college officials, and others that the welfare law affords states tremendous flexibility in allowing students to continue college, and have encouraged them to use work-study as a means to this end. In addition, states are free to exempt college students from the work requirements altogether, since the percentage of the caseload required to work never exceeds 50%. We do continue to hear anecdotal evidence that college enrollment of welfare recipients is dropping, although we know neither the magnitude nor the cause. Some states may be requiring students to choose between college and welfare. Students may be dropping out because they can't manage both school and work, because they fear the time limits, or because they see better opportunities for their families through work because of the strong economy.

Our preference would be to remain silent on this amendment on the assumption that the House will ultimately drop it in conference. Another option is to offer a compromise that college can count for up to half a person's work requirement (i.e., 10-15 hours) for up to two years. In that way, college students would be required to perform some work, but we would recognize the difficulty of juggling work, classes, and parenting responsibilities.

Agencies to Issue Guidance on Programs Off-Limits to Illegal Immigrants -- Next week, HHS will issue guidance as to which of its programs are federal public benefits. Under the welfare law, illegal immigrants are not eligible for federal public benefits. The list includes adoption assistance and foster care, child care, low-income heating assistance, Medicare, Medicaid, the Social Services Block Grant, the new Child Health Insurance Program, and TANF, as well as 20 smaller programs. Although the statutory definition of federal public benefit is quite broad, HHS's legal interpretation is that programs like community health centers and maternal and child health programs should continue to be available to all comers. Immigrants advocates argued strongly that shutting off such programs to illegals would be dangerous to the public health and to citizen children. It is possible that House Republicans like Lamar Smith will attack the HHS definition as unreasonably narrow, but we believe it is based on sound legal reasoning.

In addition, DOJ will issue a proposed rule telling providers of federal public benefits how to verify alien and citizenship status, as required by welfare reform and the BBA, to make sure that they are properly screening out illegal immigrants. It requires providers to look at documents for everyone, including citizens, unless they get a temporary waiver from the requirements. Providers will see this as a major administrative burden, but the law is rather clear on this point. Under the law, charitable organizations are exempt from this requirement.

F: Wellstone



Robert M. Shireman
07/10/98 11:32:37 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP, Diana Fortuna/OPD/EOP
cc: Jake Siewert/OPD/EOP
Subject: welfare/college

Please review. (Jake, we want to dodge it. Is this too terse?)

- Q. On the higher education bill, a Wellstone amendment to welfare reform was adopted that supporters say helps welfare recipients who want to increase their earning potential by allowing college to count as work for up to two years, but opponents say is a loophole that undermines the work requirements of welfare reform? What is the Administration's view?
- A. We have been encouraging colleges to use work-study and other means to help welfare recipients attend college. But we have not yet analyzed the language in the Senate bill.

OFFICE OF MANAGEMENT AND BUDGET

*Legislative Reference Division
Labor-Welfare-Personnel Branch*

Telecopier Transmittal Sheet



FROM: Melinda Haskins

395-3923

DATE: 5/8/98

TIME: 1:45 p.m.

Pages sent (including transmittal sheet):

4

COMMENTS:

Is this what you want?

I'm sure there were

*other
letters.*

TO:

Diana Fortuna

dyf

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



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

MR. DIRECTOR

June 17, 1997

NOT
COMPLETE
letter
see p. 1

The Honorable William V. Roth, Jr.
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

Dear Mr. Chairman:

As you know, the Administration and the bipartisan Congressional leadership recently reached agreement on a historic plan to balance the budget by 2002 while investing in the future. The plan is good for America, its people, and its future, and we are committed to working with Congress to see it enacted.

With regard to welfare, the budget agreement called for restoring Supplemental Security Income (SSI) and Medicaid benefits for immigrants who are disabled or become disabled and who entered the country before August 23, 1996, and making other important changes. The Senate Finance Committee mark for inclusion in the reconciliation legislation is, however, inconsistent with the budget agreement in this key area. Consequently, if the Committee were to proceed with its legislation in this form, we would be compelled to invoke the provisions of the agreement that call upon the Administration and the bipartisan leadership to undertake remedial efforts to ensure that reconciliation legislation is consistent with the agreement.

Continued SSI and Medicaid Benefits for Legal Immigrants

While the Committee's provision to provide benefits for new applicants for a very limited time is better than the House Ways and Means Committee proposal, it still fails to provide sufficient assistance for the most vulnerable individuals. The budget agreement explicitly states, "Restore SSI and Medicaid eligibility for all disabled legal immigrants who are or become disabled and who enter the U.S. prior to August 23, 1996." The Chairman's mark fails to reflect the agreement. As a result, it would protect as many as 75,000 fewer immigrants than the budget agreement in the year 2002.

In addition, it is unclear whether the Chairman's mark explicitly guarantees Medicaid coverage to disabled legal immigrants in all states. We strongly urge the Committee to include this protection.

The Administration is sympathetic to the goal of covering the elderly non-disabled, and will work with you to address this issue. However, as is the case with all of the provisions in the agreement, any new policies that require additional resources must be mutually agreeable.

Vocational Education and TANF

The Administration is concerned with provisions that are not in the budget agreement. We understand that an amendment may be offered to modify TANF rules dealing with vocational education. The budget agreement did not address making changes to TANF.

Unemployment Insurance Integrity

The Chairman's mark does not include the provision of the budget agreement that achieves \$763 million in mandatory savings over five years through an increase in discretionary spending for Unemployment Insurance program integrity activities of \$89 million in 1998 and \$467 million over five years. These savings are a key component of the budget agreement. The discretionary spending that the agreement assumes, and would be subject to appropriation, would support the necessary additional eligibility reviews, tax audits, and other integrity activities that, the evidence demonstrates, will yield the savings. We urge the Committee to adopt this provision to achieve the specified savings. The Administration has separately transmitted draft legislative language on June 6th that reflects the budget agreement's provisions on this provision.

State SSI Administrative Fees

It does not appear that the Committee intends to include a provision, comparable to that included in the House Ways and Means Committee mark and consistent with the budget agreement, to increase the administrative fees that the Federal Government charges States for administering their State supplemental SSI payments and to make the increase available, subject to appropriations, for Social Security Administration (SSA) administrative expenses. The Administration encourages the Committee to do so.

Cost Allocation Language

We understand that amendments may be offered during Committee consideration to prevent costs from increasing in Food Stamps and Medicaid due to cost-shifting for common functions from the TANF block grant, which places a cap on TANF administrative costs. We understand that the CBO baseline includes costs of over \$5 billion in FYs 98-02 because CBO assumes administrative cost-shifting from TANF to Food Stamps and Medicaid. This proposal seeks to reduce the extent of the cost-shift to Food Stamps and Medicaid, which could yield substantial savings against CBO's baseline.

While the Administration is generally supportive of this effort -- to prevent States from changing cost allocation plans in order to shift greater administrative costs from the capped TANF block grant to open-ended Food Stamp and Medicaid administrative costs that are matched by the Federal government -- we would need to carefully review the specific mechanism proposed. Furthermore, we would have very serious reservations about proposals that would cap Food Stamps and Medicaid administrative costs and would oppose a cap that would limit the ability of a State to manage its programs.

I look forward to working with you to implement the historic budget agreement.

Sincerely,

A handwritten signature in black ink, appearing to read 'F. D. Raines', with a stylized flourish at the end.

Franklin D. Raines
Director

Identical letter sent to the Honorable Daniel Patrick Moynihan

mail to

Diana Fortuna

05/08/98 03:08:37

PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Cynthia A. Rice/OPD/EOP, Laura Emmett/WHO/EOP

Subject: Your review needed ASAP: Wellstone amendment to let college count as work under welfare law

Wellstone will offer an amendment to the higher ed bill next week to let college count as a work activity for up to 24 months. It also increases the amount of time that vocational education can count as work from 12 months to 24 months. I was writing up a paragraph opposing Wellstone when I realized perhaps you would want to put this in the weekly, given the President's ongoing interest/concern about stories that college students on welfare are having to drop out of school.

Below is (1) a draft item for the weekly, in case you want to use it; (2) a draft paragraph opposing Wellstone to put into our SAP; and (3) a description of the amendment.

Possible Weekly Addendum

Wellstone Pushes to Permit College Attendance to Count as Work Under Welfare Law -- Next week, Senator Wellstone plans to offer an amendment to the Higher Education reauthorization bill that would (1) permit college attendance to count toward the welfare law's participation rates for up to two years; (2) increase the amount of time that vocational education can count as work from one year to two years; and (3) increase the overall cap on these activities by not making teen parents subject to the cap.

We plan to oppose these changes because they would weaken the welfare law's work requirements. To date, we have opposed all proposals to weaken these requirements. We believe that the considerable flexibility that the welfare law gives states is adequate to allow them to consider the individual circumstances of TANF recipients. Even when the work requirements are fully phased in, only 50% of the caseload must be working. Since states may count caseload reductions toward the work requirements, the dramatic drops of the past few years will make this goal far easier to meet. States can also help college students to combine work with welfare. We have urged colleges to use the work-study program as one means to that end.

Draft SAP language:

The Administration opposes the Wellstone amendment to weaken the welfare law's work requirements by allowing more education and training activities to count toward the work participation rates than under current law. These work requirements were the product of bipartisan agreement, and it is not appropriate to weaken them. The welfare law gives states considerable flexibility to consider the individual circumstances of TANF recipients.

Description of Wellstone Amendment:

Wellstone amendment:

- Increases amount of time that voc ed can count as a work activity from 12 months to 24 months.
- Make post-secondary education a permissible work activity just as voc ed is (for up to 24 months); currently, it never counts as work.
- Permanently pulls teen parents out of the cap. This would increase the effective size of the cap

by 4% beginning in the year 2000, when it would grow from 8% of the caseload to 14%.

Last summer's change to voc ed cap (this is just as a reminder)

- Raised cap on voc ed from 20% to 30% (we opposed this, although not vocally)
- Clarified that the base to which cap applies is those working, not the entire caseload; advocates wanted it be the entire caseload (we supported)
- Pulled teen parents (about 4% of caseload) out of the cap for the first two years of TANF (not an irrational change, since teen parents were eating up most of the cap in the first two years, when the cap was smallest)

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Wellstone amendment:

- Increases amount of time that voc ed can count as a work activity from 12 months to 24 months (oppose as tinkering with work requirements)
- Make post-secondary education a permissible work activity just as voc ed is (for up to 24 months); currently, it never counts as work
- Permanently pulls teen parents out of the cap (oppose as tinkering) (see chart below for change)

Percent of Caseload that can count Voc Ed as Work		
	Current Law	Wellstone Amendment (would also permit Post-Secondary Education to count under this cap)
1998	9%	9%
1999	11%	11%
2000	8%	12%
2001	10%	14%
2002	11%	15%

Draft SAP language:

The Administration opposes the Wellstone amendment to weaken the welfare law's work requirements by allowing more education and training activities to count toward the work participation rates than under current law. These work requirements were the product of bipartisan agreement, and it is not appropriate to weaken them. The welfare law gives states considerable flexibility to consider the individual circumstances of TANF recipients.

Weekly Addendum?

Wellstone Pushes to Permit College Attendance to Count as Work Under Welfare Law -- Next week, Senator Wellstone plans to offer an amendment to the Higher Education reauthorization bill that would (1) permit college attendance to count toward the welfare law's participation rates for up to two years; (2) increase the amount of time that vocational education can count as work from one year to two years; and (3) increase the overall cap on these activities by not making teen parents subject to the cap.

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**Percent of Welfare Caseload that can be in Vocational Education
and Count as Working Under Revised Welfare Law**

Year	Statutory Cap	Work Req.	Net	Less Teen Parents	New Limit on Voc. Ed.	Old Law - Strict Interp.	Old Law - Liberal Interp.
1998	30%	x 30%	9%	don't count	9%	2%	16%
1999	30%	x 35%	10.5%	don't count	10.5%	3%	16%
2000	30%	x 40%	12%	4%	8%	4%	16%
2001	30%	x 45%	13.5%	4%	9.5%	5%	16%
2002	30%	x 50%	15%	4%	11%	6%	16%

$$10 - 9 = 1$$

$$15 - 10.5 = 4.5$$

$$20 - 12 = 8$$

$$25 - 13.5 = 11.5$$

$$30 - 15 = 15$$

C-2 confusing questions: Point from Jeff Farkas:

① Does caseload reduction directly reduce work requirements, thereby reducing voc ed?

② In any case, ^{don't} caseload reductions mean that, instead of 30% of those "working" are permitted to be in voc ed, it's actually less?

—
THE WHITE HOUSE
WASHINGTON

SAP HEA

Wellstone

- post sec in add to
voc ed for up to
24 mos
- teen par w/o diploma
excluded

FAX COVER

CC. CR
DF

Income Maintenance Branch

Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503



To: Andrea Kane

Organization: _____

Fax Number: _____

From: Anil Kakani

Date/Time: _____

Number of Pages: Cover + 2

Notes:

This is the Wellstone
amendment to be offered on
Higher Ed Authorization
(sometime after next week)
Patricia Bravo says
there's no House
counterpart &
weak

Income Maintenance Fax Number: (202) 395-0851
Voice Confirmation: (202) 395-4686

Support in
Senate.

Andrea

O:\ERN\ERN98.108

AMENDMENT NO. _____

Calendar No. _____

Purpose: To expand the educational opportunities for welfare recipients.

IN THE SENATE OF THE UNITED STATES—105th Cong., 2d Sess.

H.R. 2646

To amend the Internal Revenue Code of 1936 to allow tax-free expenditures from education individual retirement accounts for elementary and secondary school expenses, to increase the maximum annual amount of contributions to such accounts, and for other purposes.

Referred to the Committee on _____
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENT intended to be proposed by Mr. WELLSTONE

Viz:

1 After title II add the following:

2 **TITLE _____--MISCELLANEOUS**

3 **SEC ____01. EXPANSION OF EDUCATIONAL OPPORTUNITIES**

4 **FOR WELFARE RECIPIENTS.**

5 (a) 24 MONTHS OF POSTSECONDARY EDUCATION
6 AND VOCATIONAL EDUCATIONAL TRAINING MADE PER-
7 MISSIBLE WORK ACTIVITIES.—Section 407(d)(8) of the
8 Social Security Act (42 U.S.C. 607(d)(8)) is amended to
9 read as follows:

MR. LEVIN
MR. FORD
MR. JOHNSON
& MR. DURBIN

1 “(8) postsecondary education and vocational
2 educational training (not to exceed 24 months with
3 respect to any individual);”.

4 (b) MODIFICATIONS TO THE EDUCATIONAL CAP.—

5 (1) REMOVAL OF TEEN PARENTS FROM 30 PER-
6 CENT LIMITATION.—Section 407(c)(2)(D) of the So-
7 cial Security Act (42 U.S.C. 607(c)(2)(D)) is
8 amended by striking “, or (if the month is in fiscal
9 year 2000 or thereafter) deemed to be engaged in
10 work for the month by reason of subparagraph (C)
11 of this paragraph”.

12 (2) EXTENSION OF CAP TO POSTSECONDARY
13 EDUCATION.—Section 407(c)(2)(D) of the Social Se-
14 curity Act (42 U.S.C. 607(c)(2)(D)) is amended by
15 striking “vocational educational training” and in-
16 serting “training described in subsection (d)(8)”.