

**ADMINISTRATION'S WELFARE REFORM
PROPOSAL**

HEARING
BEFORE THE
SUBCOMMITTEE ON
SOCIAL SECURITY AND FAMILY POLICY
OF THE
COMMITTEE ON FINANCE
UNITED STATES SENATE
ONE HUNDRED SECOND CONGRESS
SECOND SESSION

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AUGUST 4, 1992
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ADMINISTRATION'S WELFARE REFORM PROPOSAL

TUESDAY, AUGUST 4, 1992

U.S. SENATE,
SUBCOMMITTEE ON SOCIAL SECURITY
AND FAMILY POLICY,
COMMITTEE ON FINANCE,
Washington, DC

The hearing was convened, pursuant to notice, at 3:00 p.m., in room SD-215, Dirksen Senate Office Building, Hon. Daniel Patrick Moynihan (chairman of the subcommittee) presiding.

[The press release by Senator Moynihan announcing the hearing follows:]

[August 1, 1992]

ADMINISTRATION WELFARE REFORM PROPOSAL TO BE SUBJECT OF SENATE HEARING

Senator Daniel Patrick Moynihan (D.-N.Y.) announced today that the Senate Finance Subcommittee on Social Security and Family Policy will hear testimony on the Administration's welfare reform proposal at 3:00 p.m. on Tuesday, August 4 in SD-215, Dirksen Senate Office building.

"Yesterday in Riverside, California President Bush visited a JOBS center operating under the Family Support Act," Senator Moynihan said. "He later spoke to a gathering of Rotarians and, as reported by the press, pledged to craft a better welfare system. Aides distributed various handouts.

"If there is anything substantive in these proposals, they are the first ever to come from the Bush Administration. The President has repeatedly spoken of welfare reform during this Presidential year. But when asked some months ago, Assistant Secretary of Health and Human Services Barnhart has stated that the Administration had no specific proposals.

"As chairman I have introduced a 'Work for Welfare' bill which would fully fund the JOBS program. Secretary Barnhart has testified that the Administration opposes this measure.

"We will learn Tuesday if there have now been any developments in the Administration's position. If they have something positive to propose, there is still time to legislate in this Congress. Just.

"A White House aide is reported as saying that proposals would be sent to Congress 'within a few weeks.' This would be too late. But there is time to get things together by Tuesday. We will be waiting."

Senator Moynihan is Chairman of the Senate Finance Subcommittee on Social Security and Family Policy.

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, A U.S. SENATOR FROM NEW YORK, CHAIRMAN OF THE SUB- COMMITTEE

Senator MOYNIHAN. The hour of 3:00 o'clock having been reached, I would like to open this regular meeting of the Subcommittee on Social Security and Family Policy of the Senate Com-

mittee on Finance. Our subject this afternoon is to be welfare reform. And, specifically, the administration's plans in this regard.

Just to make clear to our guests, what is called welfare in our country is generally the Aid to Families of Dependent Children Program, which is a program of the Social Security Act. It has been with us since 1935. It was changed once in 1939 from Aid to Dependent Children to Aid to Families, such that mothers were provided for.

This subject has been very much in the public view in this Presidential year. I think it may be said that, for the first time in our history, the issue of welfare has risen to the top of the Presidential agenda.

This began with the President's State of the Union message last January in which he said, and I quote him, "Welfare was never meant to be a lifestyle. It was never meant to be a habit. It was never supposed to be passed from generation to generation like a legacy. It is time to replace the assumptions of the welfare state and help reform the welfare system."

In the normal manner of a State of the Union address, a statement of that kind is followed up by a legislative proposal, a Presidential message, and a bill. None such came. But the subject did not go away.

At a speech to the Challenger Boy's and Girl's Club in Los Angeles shortly after the urban disturbances in that city this April, the President had this to say: "If we had set out to devise a system that would perpetuate dependency, a system that would strip away the dignity and personal responsibility, I guess we could hardly have done better than the system which exists today. Every American knows that it is time for a fresh approach, a radical change in the way we look at welfare in the inner city economy."

That is to say, he called for a radical change. If a radical change is needed, one would certainly expect the administration to come forth with policy recommendations. That presumption was reinforced by political television ads that were made and aired during the primary season in which we were told that now he, meaning Mr. Bush, has an agenda to change welfare and make the able-bodied work.

But when Assistant Secretary Joanne Barnhart, who is a friend of this committee, who has been a very able administrator of the Family Support Act, came before us on March 30 at a time when this ad, this spot, as they say, was going, and was asked about the administration's welfare reform proposals, she said she did not know of any.

And, when asked to comment on the Work-to-Welfare Act, a proposal introduced to increase funding for the JOBS program so that all eligible AFDC recipients would be required to participate in work or skills training, Ms. Barnhart said that the administration was strongly opposed to this measure.

I might interpolate that the Riverside Program that the President visited on Friday has as its most distinctive feature the fact that they have JOBS money to take care of every eligible person in Riverside County. So that there is no sorting out and creaming and making distinctions where there should be none.

The Manpower Demonstration Research Corporation has singled this out as crucial to the very successful program that seems to be running out there. But, to continue, last Friday in Riverside, in a speech to a gathering of Rotarians, after visiting a JOBS center, the President finally came out with specific proposals—or so we were told. The New York Times had a story which says, "Bush Dangles Welfare Plan Before California Audience."

And the Washington Post reported Bush also announced a series of incremental changes in the Federal welfare program, all of them designed primarily to make it easier for States to push welfare recipients into getting and keeping work, and to streamline welfare rules.

One, for example, would allow Work Fair recipients to work below the minimum wage on some projects; another would allow States to replace current State workers in some jobs with workfare employees.

Now, having read that, as Chairman of the committee, it seemed to me that we were required to respond. That, in the interest of openness, we needed to respond. We have been asking administration officials all year, do you have any proposals for us, and they had said no.

Suddenly, in California, they say yes, and they say so in a context of a program which is running under the Family Support Act, which is bipartisan legislation that passed the United States Senate 97 to 1.

I made the point on the Senate Floor on Friday morning that it was Governor Bill Clinton, as Chairman of the Governor's Conference, who most enthusiastically devised this bill and supported it. Governor Mike Cassell, Governor of Delaware, was the Governor's man-on-the-scene, as you could say. Both of them were at the bill signing ceremony in the Rose Garden. And I was pleased to see on evening television a film of President Reagan thanking Governor Clinton and shaking hands with him for his work.

So, in that setting, we announced on Monday that we would hold this hearing and I took the liberty of writing to the very distinguished Secretary of Health and Human Services, Dr. Sullivan, pointing this out and saying that we would welcome you, we are anxious to learn about these proposals, and that there is still time, just, to legislate in the 102d Congress. Just. We would have to start today and practically offer these as amendments to the tax bill that Chairman Bentsen has on the Floor at this moment.

I invited the Secretary to come before the subcommittee. Clearly, if he were not able, Ms. Barnhart would have been more than welcome in his place, or anyone he wanted to send. And now I look at our witness table and I see no one there. There is room for six, but this is not a tax bill.

I ask if there has been any communication received. Marina Weiss is here. Ms. Weiss, perhaps you would come forward and tell us whether we have received any communication of any kind from the administration.

Ms. WEISS. Yes, Mr. Chairman.

Senator MOYNIHAN. Have we received any communication?

Ms. WEISS. The staff has received no communication as of this hour.

Senator MOYNIHAN. Well, we thank you. I think it would be fair to say that we have heard that the decision was made in the White House not to send anybody. I do not ask you to comment, because that comes under the heading of hearsay.

The fact is, that the only people present are Paul Offner, Marina Weiss, Margaret Malone, and Valerie Nixon of the minority staff of the committee. We were a bipartisan committee ready to do business, but no one from the administration has come before us. Accordingly, with a measure of deep regret, I call the hearing to a close. Thank you for appearing.

[Whereupon, at 3:10 p.m., the hearing was concluded.]

COMMUNICATION

STATEMENT OF THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

The President has asserted that his fundamental goal for welfare reform is to create incentives that will enable welfare recipients to leave the system at the earliest possible time, as economically self-sufficient and responsible participants in their community.

The President's proposals build on the new directions in welfare policy of the Family Support Act, which created the JOBS program and greatly strengthened child support enforcement. The Family Support Act began to shift the focus of the AFDC program from income maintenance to an emphasis on parents' responsibility for the support of their children. Aided by the aggressive implementation of the Family Support Act by the Bush Administration, states have available one billion Federal dollars to provide employment, education, and training to AFDC recipients through the JOBS program, and they are collecting child support at record levels.

But the President has recognized that, while continued forceful implementation of the Family Support Act is the foundation of welfare reform, it must be followed by more steps in a larger welfare reform strategy. Thus, in the FY 93 President's Budget and the State of the Union message, the President put forward two broad strategies to take the next steps welfare reform.

First, the President put forward legislative proposals to increase the opportunities for individuals to escape welfare through the accumulation and holding of assets. In addition, the President's program includes important initiatives that will have significant effects on welfare recipients, such as the creation of enterprise zones, expanded educational choice for children, and health care and job training reform. Although the Congress has acted on some elements of these proposals, not one has yet been passed by the Congress.

Second, the President encouraged states to submit applications for innovative approaches to welfare reform through demonstration waivers, and pledged to review them expeditiously. Just as in the 1980s, when state demonstrations played a critical role in developing the research underlying the Family Support Act, state innovation now will provide the facts that will inform future debates about how best to carry out further reforms. States have responded aggressively to the President's call. Since the State of the Union address, nine states have submitted ten applications, with more to come. The Administration has responded as the President promised. To date, six applications have been approved, all with careful, comprehensive evaluations that will contribute to our knowledge of how to encourage welfare recipients' self-sufficiency and parental responsibility.

These new state efforts are a logical extension of the Family Support Act. Whereas the latter focused primarily on increasing self-sufficiency through employment and child support enforcement, current state demonstrations seek not only to provide incentives to work, but also to strengthen the linkages between receipt of AFDC and other aspects of parental responsibility. Thus, some of the provisions of approved demonstrations will condition AFDC benefits on parents' immunizing their children and providing regular medical check-ups, ensuring that their children attend school regularly, engaging in responsible child bearing, and, for teen parents, receiving parenting training.

Now the President is proposing additional steps to complement those already advanced—all intended to increase state and local flexibility. First, the Administration will propose additional flexibility to allow states to strengthen work requirements. This would make it easier for states to operate JOBS models emphasizing job placement that have proven successful in reducing welfare dependency, such as the San Diego SWIM and the Riverside GAIN programs. Barriers in current statute that make it difficult to run workfare and work supplementation would be removed. Second, the Administration will propose extending the broad AFDC and Medicaid waiv-

er authority to food stamp and housing programs. If progress in these programs is to be made like that in the Family Support Act, there must be flexibility to try new ideas.

In addition, the Administration will submit a more targeted version of the Community Opportunity Act, which was submitted to Congress last year. The proposal would allow state and local government, and non-government groups, to operate programs that restructure the flow and operation of Federal funds in the community to better serve the needs of individuals. This new proposal limits the authority to five sites. By limiting the authority, we hope the Congress will be more willing to accept the risk of change.

Thus, the President's welfare reform proposals build on the proven strengths of initial reform efforts of the 1980s, complemented by successful efforts by the Bush Administration to increase the Earned Income Tax Credit and child care options for low-income parents. The key to future welfare reform is expanded state and local flexibility to provide welfare recipients new hope for achieving self-sufficiency and mainstream responsibility.

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