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An update on state and federal action from

The Center for Public Policy Priorities

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Welfare Bill Nears Votes in House and Senate, Signature by Clinton Probable

End to Guarantee of Assistance for Poor Children and Families Closer Than Ever

As we reported to you previously, the president has been unwilling to consider Congressional welfare reform proposals as long as they were linked to Medicaid reforms with which he disagreed. Last week, Congressional leaders decided to de-couple their welfare and Medicaid proposals and work to get a welfare reform bill to the president's desk before the August recess.

The House is scheduled to vote on the welfare reform bill – HR 3507 – Thursday, July 18th with the Senate scheduled to take up its version – S 1795 – as early as the afternoon of that same day (note: bill numbers may change).

The Signs are Clear:

The President Intends to Sign a Welfare Bill “Ending Welfare as We Know It.”

Over the past several days statements by the president have made it clear he is prepared to sign almost any version of the House or Senate bills sent to him. In his weekly radio address on Saturday Clinton praised the Congress for separating the welfare and Medicaid proposals “This can be a real breakthrough, a genuine turning point,” the president said. An administration official who works on welfare policy said: “There’s virtually no one in the president’s inner circle who thinks the president should veto the bill. Even people who privately want to see the bill vetoed do not believe he will veto it.” He did however indicate he preferred the bill offered by Sens. John Breaux (D-LA) and John Chafee (R-RI) or a separate bill by Reps. Michael Castle (R-Del) and John Tanner (D-Tenn).

On Tuesday the president moved on reforms of his own by directing DHHS Secretary Shalala to issue regulatory changes allowing states to deny benefits to require welfare recipients who do not go to work within two years. In an address to the National Governors Association he urged Congressional leaders to continue to improve the bill they are preparing to send him. He and the governors still share concerns about the work requirements (substantially underfunded) and would like to see funding formulas adjusted to reward those states who are successful at moving recipients into work. Separately, the president is still concerned about allowing a food stamp block grant and ending aid to legal immigrants.

You may recall estimates of increased child poverty that accompanied an earlier version of Congressional welfare reform. The Department of Health and Human Services showed that 1.5 million children would have been pushed below the poverty level by the proposed changes. Senator Moynihan and Congressman Gibbons have requested a similar analysis be completed for the current legislation under consideration but their requests have been rebuffed and the administration has specifically instructed DHHS not to prepare estimates of the bill’s affects on child poverty.

Even in recent weeks the president has expressed an interest in maintaining the entitlement to cash assistance with adding conditions in the form of work requirements and time limits. However, over the past few days he has abandoned this position in his eagerness to claim he has “ended welfare as we know it”. Given the wide differences among state welfare programs, Clinton said the federal guarantee was no longer worth much in his eyes. “There is a dramatic difference already in the welfare benefits from the poorest to the richest states,” he said. “There’s not really a national guarantee that amounts to much now.” Ironically, the administration’s liberal interpretation of federal waiver policy over the past two years has dramatically increased these state-to-state differences.

Key Components of the Bills Under Consideration

- ✗ **Cut \$53 billion over six years.** The vast majority of these cuts come not from cutting off welfare checks, but by trimming Food Stamp benefits and barring most legal immigrants from receiving federal aid.
 - ✗ **End the 61 year old cash assistance guarantee,** turning welfare over to the states as a block grant. Remember, Texas will be forever locked into its relatively small share of federal welfare funds. Ending the entitlement could potentially deny millions of children assurance of basic support in times of need.
 - ✗ **Limit eligibility for welfare to a lifetime total of 60 months** and bar states from providing vouchers for children's food and other survival needs once parents hit the welfare time limit. States could exempt up to 20% of families from the lifetime cutoff.
 - ✗ **Allow states to have even shorter time limits for cash assistance** and not require them to provide even vouchers to children whose parents are cut off after these very short time limits. Under the recent Texas welfare reform plan, benefits for children continue after parents hit their time limit. This would be prohibited.
 - ✗ **Allow states to prohibit payments to unmarried teenage mothers** and require them to stay in school and live with an adult.
 - ✗ Require states to bar additional payments to women who conceive children while on welfare ("**family cap**") unless the state passed legislation opting out of the provision.
 - ✗ **End the existing guarantee of Medicaid coverage for families receiving welfare.**
 - ✗ Leave more children hungry by **cutting Food Stamps and other child nutrition programs by more than \$26 billion over six years**, and allowing certain states (Texas among them) to swap the current Food Stamp program for a block grant. In the Senate there are likely to be several moderating amendments offered. They include:
 - an amendment to strike the optional food stamp block grant provisions;
 - an amendment to strike provisions counting energy assistance as income;
 - an amendment to strike the freeze on the food stamp shelter deduction cap; and,
 - an amendment to ease benefit restrictions on 18 to 50 year old food stamp recipients who are required to work but cannot find employment.
 - ✗ **Deny SSI (Supplemental Security Income) to more than 300,000 children** with serious disabilities who are currently receiving assistance, and cut \$8 billion in funding for children's SSI benefits over six years. Eliminates the Individual Functional Assessment (IFA), ignoring more rational changes suggested to deal with concerns.
 - ✗ **Deny most aid to legal immigrants.** Though immigrants represent only about 5% of welfare recipients, they absorb approximately 40% of the cuts in the welfare bill. Ninety-five percent of the immigrant cuts are directed at legal immigrants. Nearly one million legal immigrants would lose food stamps, and about half a million would lose SSI. As many as half of those who would lose SSI have already been in the United States for more than ten years. The bill imposes significant verification requirements on schools administering school lunches, clinics operating the Women Infants and Children (WIC) program and other community nutrition providers, who would have to verify immigration status and turn away ineligible children.
 - ✗ **Threaten children's safety by block granting child protection services** – ending guarantees that federal funds will be devoted to preventing child abuse and neglect. (The Senate bill does not include these provisions.)
- Senate Minority leader Tom Daschle (D-SD) and other moderate Senators have raised concerns that the plan doesn't protect children, specifically mentioning the failure to provide vouchers after time limits, inadequate funds for child care, lack of health and safety standards for child care, and the state-option Food Stamp block grant. He is likely to lead a fight on the Senate floor for a number of amendments.
- As the welfare bills in the House and Senate move quickly over the next week we will keep you informed of any changes and provide you with some assessment of how these changes will affect Texas. It appears that a bill will be sent to the president soon, leaving a veto the only protection against an end to guaranteed assistance for poor families.

Quote of Note:

Writing in the Washington Post about Wisconsin's controversial welfare reform plan, Catholic Milwaukee Archbishop Rembert G. Weakland suggested that: **"We should not afflict children with hunger in order to infuse their parents with virtue."**

Respected National Group Ranks Texas Tax System Among the “Terrible Ten”

Citizens for Tax Justice (CTJ), a well-known tax research organization in Washington, D.C., recently released a national study ranking Texas’ tax system among the ten most regressive in the nation. The study confirmed that low- and middle-income Texas families pay a far higher share of their incomes in state and local taxes than do the richest Texans.

- Families earning less than \$19,000 — the poorest fifth of Texas non-elderly married couples — pay 13.8% of their income in Texas state and local taxes, 6th highest in the nation.
- Middle-income families earning between \$19,000 and \$71,000 pay 8.7% of their income in state and local taxes.
- But the richest Texas families — with annual incomes over \$395,000 —lose only 4.0% of their income to state and local taxes.

CTJ concluded that Texans are hurt by the lack of a personal income tax to offset the regressivity of other taxes, particularly the sales tax. The study calculated that turning the Texas system upside down, so that the poor paid the rate currently paid by the rich and the rich paid the rate imposed on the poor, could reduce taxes paid by the bottom 80% of Texas families by an average of \$1,120 a year.

Copies of the study, *Who Pays?*, are available from CTJ, 1311 L St. NW, Washington, D.C. 20005, 202/626-3780, <http://www.ctj.org>.

Governor’s Tax Reform Committee Needs to Hear About the Effect of Taxes on Low and Moderate Income Texans

The Citizens’ Committee on Property Tax Relief, which was appointed by Gov. Bush to seek public reaction to his tax reform plan, is continuing hearings around the state throughout the summer. The governor has proposed replacing all school property taxes with a new statewide consumption tax, such as an expanded sales tax, a value added tax, or a gross receipts tax. Consumption taxes are inherently regressive, since lower-income families spend a larger share of their income than wealthier families.

Business and anti-tax groups have dominated the first few hearings. Advocates for low- and moderate-income Texans need to appear before the committee to focus its attention on increasing the equity of the Texas tax system. The Center will be happy to help you prepare testimony by providing you with detailed information about the governor’s proposals and their effect on Texas families. All hearings start at 3 P.M. and continue until everyone has a chance to talk (usually until 9 P.M.), so you can attend after work or dinner.

Date	City
Wed, July 24	Midland
Tues., July 30	Ft. Worth
Thurs., Aug. 1	Dallas
Thurs., Aug. 8	Beaumont
Tues., Aug. 13	Houston
Thurs., Aug. 22	Amarillo
Thurs., Aug. 29	Lubbock
Thurs., Sept. 5 or Fri., Sept. 6	Wichita Falls
Thurs., Sept. 12	San Antonio
Thurs., Sept. 19	Austin

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