



Senate Welfare Bill Heads for a Final Vote

Senator Dole announced that the final vote on the welfare reform bill (S.1120) will take place Tuesday (Sept. 19) at 2:15 p.m. Whatever the final Senate Bill looks like, lawmakers are warning of a tough battle ahead in the House-Senate conference — with Democrats saying they could not support a bill that moved to the right and conservatives saying they could not support a bill that did not.

A number of amendments have passed which only partially address the serious concerns over the Dole legislation. These amendments include: the Dodd/Kennedy amendment adding \$3 billion more for child care over 5 years (a total of \$8 billion over five fiscal years but only a \$1 billion increase over current law. Note: the Senate bill contains the reauthorization of the Child Care and Development Block Grant, CCDBG — and the CCDBG will still have the quality set-aside, states will not be able to transfer funds out of it to other welfare-related block grants, and CCDBG standards — not including the quality set-aside — will apply to other federal dollars spent on child care); a \$1 billion contingency fund over 7 years (a \$1.7 billion loan fund is retained also); the hardship exemption is increased from 15% to 20%; and the job training block grant is removed from the bill and will be considered separately. Other changes adopted last week included:

- A state "maintenance of effort" provision that would require states to maintain 80% of their FY 1994 welfare spending level over each of the next five fiscal years. This compromise led to the defeat of the Breaux (D-LA) amendment, which would have required states to spend 90% of the 1994 level for five years.
- A Domenici (R-NM) amendment to strike the "family cap" provision, which would have denied welfare benefits to children born to parents already receiving assistance.. States will still have the option of imposing a "family cap".
- A Boxer (D-CA) amendment to make immigrant children eligible for foster care before their parents have fulfilled the 5-year work requirement.
- A Levin (D-MI) amendment to require welfare recipients to find jobs or enter training programs after six months of receiving AFDC (instead of the two years originally in the bill).
- A Bradley (D-NJ) amendment that would require states to set basic eligibility standards, define exemptions, and then follow the rules by assisting everyone eligible under those guidelines. (Dole has threatened to remove this before final passage).

*During a busy evening of debate on these amendments Sen. Dodd made the following remark about S.1120:
Its beginning to look like mackerel in the moonlight: stinks and shines at the same time."*

None of the amendments to S.1120 are enough to make this legislation anything less than a total disaster for America's poor children and families. This is because:

- The bill would eliminate the basic guarantee of help through cash assistance for all needy eligible children. No state would be required to provide even one dollar of cash assistance to completely destitute children and their families if the basic AFDC entitlement is repealed.
- The bill would jeopardize the national nutritional safety net by allowing states to block grant their food stamp program. Overall cuts in the food stamp program in this bill would reduce benefits to nearly 14 million children.
- The bill would allow states to walk away from their responsibilities to help poor children. During the first five years, states would be allowed to reduce state funding for welfare programs by 20 percent under the Dole maintenance of effort provision. After that five-year period, states would be free to withdraw their funds completely.
- The bill would shift huge costs and risks to states. States and millions of poor children would be exposed to enormous new risks in the event of recession or unanticipated caseload growth. Even in the absence of a

serious economic downturn, the work and child care provisions of the bill are so underfunded that the Congressional Budget Office predicts 35-40 states would be unable to meet the bill's new work requirements in FY 2000.

- The bill would deny help to hundreds of thousands of children with disabilities. At least 175,000 children with disabilities would be denied Supplemental Security

Income (SSI) between FY 1996 and FY 2000 as a result of new eligibility restrictions contained in the bill.

- The bill would for the first time restrict naturalized citizens' access to nearly all means-tested benefits when they fall on hard times. Legal immigrants would be denied most forms of means-tested federal assistance for five years and lose access to Supplemental Security Income (SSI).

For Texas, the impact of this proposal is particularly disturbing. Although we have one of the highest child poverty rates in the country, the current Senate proposal would lock in our "per poor child" spending at below 40% of the national average. Even under the compromise formula defended by Sen. Hutchison, only 19 states would benefit from the 2.5% annual "growth adjustment". While Texas would be one of the states to qualify for this adjustment, the increase would not even keep pace with inflation let alone the addition of a projected 7.8% increase in population by 2000. Texas' allocation would only increase from \$507 million to \$560 million over the five year period (for AFDC and related programs).

It is imperative that there be a strong vote in opposition to the bill as a clear message to the President that even slight "improvements" to the bill do not make the overall package acceptable. A strong vote in opposition will signal that the welfare reform bill is damaging to millions of children and their families and should be vetoed.

Please immediately contact your Senator and urge them to vote NO on final passage of S.1120.
Sen. Gramm: 202-224-2934 **Sen. Hutchison: 202-224-5922**

Other Needed Actions:

- Call minority leader Senator Daschle and insist on a unified Democratic vote against final passage of S.1120. Senator Daschle's phone number: 202-224-5556 (minority leader's office), 202-224-2321 (Daschle's personal office); fax: 202-224-2047, Email: tom_daschle@daschle.senate.gov
- Contact your local editorial board and urge them to publish an editorial opposing S.1120.
- Contact a local reporter on the welfare beat and urge them to write a story about the negative effect of S.1120 on your state.
- It is also important to contact President Clinton, phone: 202-456-1111, fax: 202-456-2461 and urge him to veto any welfare reform measure that ends the federal safety net for the poorest Americans. A national "Just Say Veto" campaign has begun to support the President's rejection of current welfare reform proposals. For more information contact Liz Accles, Welfare Reform Network, Phone: 212-344-0195, email: HN0139@handsnet.org

Even conservative columnist George Will seems troubled by current proposals: "Phil Gramm says welfare recipients are people 'in the wagon' who ought to get out and 'help the rest of us pull.' Well. Of the 14 million people receiving Aid to Families with Dependent Children, 9 million are children. Even if we get all these free riders into wee harnesses, the wagon will not move much faster. Furthermore, there is hardly an individual or industry in America that is not in some sense 'in the wagon,' receiving some federal subvention. If everyone gets out, the wagon may rocket along. But no one is proposing that. Instead, welfare reform may give a whole new meaning to the phrase 'women and children first.'" (Source: "Women and Children First?" by George F. Will, Washington Post, 9/14/95).

Food Stamps in the Senate Proposal

The bill still includes an "optional" state food stamp block grant, and would cut food stamps and other nutrition programs by over \$30 billion over 7 years. In recent days, a series of conservative attempts that would have weakened the Food Stamp Program even further were rebuffed by a bipartisan coalition of Senators led by Agriculture Committee Chair Richard Lugar (R-IN) and Ranking Member Patrick Leahy (D-VT).

- On September 11th, by a vote of 66 to 32, the Senate rejected an amendment by Sen. Jesse Helms (R-NC) that would have undermined the ability of laid off workers to receive food stamps.

- On September 12th, by a vote of 64 to 36, the Senate rejected Sen. John Ashcroft's (R-MO) move to make the food stamp block grant mandatory. While Sen. Ashcroft offered a letter in support of the block grant from Governor Tommy Thompson (R-WI), Sen. Lugar countered with letters in opposition from the Food Marketing Institute, Food Distributors Association, National Cattlemen's Association, and National Peanut Council, Inc.
- An amendment introduced by Sen. Richard Shelby (R-AL) to alter the provisions of the optional food stamp block grant was withdrawn without a vote.

- The Senate did, by unanimous consent approve an amendment by Sen. Bob Kerrey (D-NE) to allow a state

a one-time reversal of a decision to opt for the food stamp block.

Legal Aid for the Poor Severely Threatened

House and Senate Panels Approve Cuts and Restrictions, Senate Floor Vote Scheduled for Tuesday, September 18

The \$415 million federal program that provides legal services to the poor would be abolished and replaced with a \$278 million block grant under a bill that a House committee approved Wednesday. After two days of partisan haggling over the bill's details, Republican members of the House Judiciary Committee outvoted Democrats 18-13 to send the measure to the full House. The proposed Legal Aid Act of 1995 would abolish the 21-year-old Legal Services Corp. and allow attorneys and legal groups to bid on contracts to deliver legal help to the poor. The bill, proposed by Sen. George Gekas, R-Pa., also would place new restrictions on the kinds of cases and clients the lawyers could accept.

Lawyers would be barred from representing inmates, child abusers or any foreign-born person unless he or she were a U.S. citizen or a permanent U.S. resident, for example. Attorneys also would not be able to lobby lawmakers or pursue cases involving the redrawing of congressional district lines. Plus, U.S. Rep. Gekas has proposed to totally prohibit legal assistance in the areas of foster care, special education, mental health, rights of the physically disabled, adoption, discrimination, Indian/tribal law,

consumer fraud, nursing home conditions and patients rights, among others. Democrats complained that the bill would dismantle the government's ability to make sure that poor people get legal help, denying "entire categories of poor and low-income people" from the program, Attorney General Janet Reno said in a Sept. 11 letter to the committee.

Last Tuesday, the Senate Appropriations Committee approved a \$22 billion measure financing the departments of Commerce, Justice and State and abolishing the Legal Services Corp. The bill instead would provide \$210 million for legal aid for the poor. The bill is HR2277.

Action: Support the Domenici Amendment

Senator Pete Domenici (R-NM) will offer amendments on the Senate floor to replace the "block grant" approach, restore the Legal Services Corporation, and increase its funding from \$210 to \$300 million or higher.

Fax or phone your senators immediately, urging them to vote for the amendment to the Justice, Commerce bill that removes the legal services block grant and increases funding for legal services

Istook Update

Despite protestations that he would not offer his amendment in the House-Senate conference on the Treasury, Postal Service, and General Government Appropriations bill, Rep. Istook (R-OK) did so Wednesday night (9/13) at around 11:00 p.m. Those at the conference committee meeting say that the exchange was the most heated event of the entire conference so far. After Istook offered his amendment, Sen. Shelby, chair of the Senate appropriations subcommittee said that he and Sen. Dole support the Istook amendment but that they may not have the votes to move it through the conference and possibly the floor.

Sen. Mikulski (D-MD) raised several concerns about the Istook amendment, pointing out that Congress should not muzzle nonprofits. She pointed out that defense contractors would not be covered. Rep. Livingston, chair of the House Appropriations Committee, said this is not about free speech. When a nonprofit agrees to take a grant, it becomes an agent of the government. A contractor, on the other hand, is very different. Imposing restrictions on them has an impact on private profits and would therefore be an infringement of free speech.

After several exchanges with Mikulski and Rep. Hoyer (D-MD) about the constitutional issues, Rep. David Obey (D-WI) became quite vocal. He described the Istook amendment as "authoritarian," "pernicious," and "bullying." Obey concluded that the Istook amendment is great metaphor for the new leadership in Congress — drawing a connection between powerful lobbyists being given free reign and nonprofit community groups being gagged.

After several more exchanges, Sen. Kerrey (D-NE), ranking Democrat on the Senate Appropriations Subcommittee, urged a vote on the matter. The House vote split along party lines. Since Shelby was the only Senate Republican left, he put the issue aside. It will likely be taken up some time Tuesday when the conference convenes at 12:30 p.m..

The Let America Speak Coalition members in the room overheard a conversation involving Istook's staffer, Bill Duncan. Duncan said "we need more time to influence Sens. Jeffords (R-VT) and Gregg (R-NH)". You can be sure that pressure will be put on these two Senators to support Istook.

Please call immediately to tell those offices to oppose the Istook amendment.

Sen. Jeffords (202) 224-5141 Sen. Gregg (202) 224-3324

Medicaid and Medicare

Medicaid: Final House and Senate Republican Medicaid proposals may not materialize this week, but general themes being considered are reported in the press. Republicans from both houses continue to plan on cutting Medicaid spending by \$182 billion below CBO-projected spending over 7 years (\$11.6 billion in Texas).

House Republicans reportedly will support eliminating entitlement (that is, no one, regardless of income, health status, or disability would be guaranteed Medicaid coverage) and replacing Medicaid with a no-strings-attached Block Grant. The question of whether states would have to continue spending any of their own funds on health care has not been settled.

Senate Republicans are said to be at or near agreement with Republican Governors on a formula for dividing up the Medicaid pie, which would be 30% smaller than projected demand in 2002. Since only one large state (Florida) has a Democratic Governor, this group's buy-off carries great weight. Senators are divided on the future of Medicaid **entitlement**. One approach that has been suggested would retain the entitlement to **eligibility** (the same groups would get a Medicaid card), but would allow states to limit services much more than they can under current law (having the card would not guarantee access to all needed health care). Also on the table is probable elimination of the federal law that requires states to pay hospitals and nursing homes based on their actual audited costs, within an average range. The Senate seems to be more likely than the House to require states to continue spending a specified share of their own revenues on Medicaid.

Medicare: **House Republicans** released the outline of a proposal to reduce Medicare spending by \$270 billion over 7 years. CBO numbers analyzing the plan's expected savings are not yet ready. The plan includes several components:

- Premiums for Part B (the non-hospital portion of Medicare) would stay at the same percentage they are today, eliminating a planned reduction in percentage.
- Elders making \$75,000 or more (\$150,000 for couples) would, for the first time, pay higher premiums (e.g., the wealthiest persons might pay \$146 per month instead of the current \$46).
- Seniors could choose HMO coverage instead of traditional fee-for-service Medicare.
- Seniors could choose to take a high-deductible insurance plan, plus enough cash in a Medicaid Savings Account to cover about 70% of that deductible.
- Fees for doctors, hospitals, etc. would not be increased (or might be decreased) if costs grew too fast.
- Special bonus funding designed to support training of specialist physicians would be phased out.

While none of these sounds necessarily alarming, it is reported that the savings from all these still are \$80 billion short of the \$270 billion target, and thus other less politically acceptable actions may be taken to reach the savings goals.

A \$245 billion tax cut is proposed for the same 7-year period in which the \$270 billion Medicare and \$182 billion Medicaid cuts are proposed.

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