

Welfare Reform Agreement Reached By 'Big Five' / Clinton Administration And Congressional Leaders Announce Budget Plan

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Governor Wilson and legislative members of the "Big Five" reached tentative agreement on a number of welfare issues in recent days. This agreement primarily addresses issues related to TANF, and does not address restoration of benefits for legal noncitizens or include supports for the working poor such as a state Earned Income Tax Credit or Unemployment Insurance reform. Reports suggest that the "Big Five" will address restoration of benefits to legal immigrants prior to the completion of budget negotiations. At present, there is no bill, bill language is not available, and details remain sketchy. The following summarizes key changes in the accord based on information from sources believed reliable, but details remain subject to change until a bill(s) is approved by the legislature and signed into law by the Governor. Capitol sources expect that the legislature will vote on the welfare reform plan as early as Thursday or Friday of this week.

At the federal level, the Clinton administration and congressional leaders have announced a tentative budget plan. Health and welfare components of the agreement address Medicaid, children's health, Supplemental Security Income for legal noncitizens, and Food Stamps.

WELFARE REFORM AGREEMENT

Time Limits And Work Requirements

Prohibits an adult from receiving assistance for more than 60 cumulative months. After 60 cumulative months of assistance, the adult will be ineligible for assistance and a family's grant will be reduced by the amount of the adult's portion of the grant. Counties may provide the safety net grants in either cash or noncash aid.

- Establishes an 18-month time limit for parents and caretakers to receive assistance. Counties may extend time limits for an additional six months. If a caretaker has not found work after 18 months, s/he may continue to receive assistance only by participating in a community service job. Community service would be an option after county certifies that "no job was available."
- Allows recipients who are enrolled in a degree or certificate program that leads to employment to continue in the program for up to the overall time limit of 18 months, with county option to extend for an extra six months.
- Requires community service participants to work, in exchange for a grant, for the federally required number of hours per week (20 in 1997) at the hourly equivalent of the minimum wage. Increases to 32 hours/week within two years, which is in excess of the federal requirements. Requires recipients to participate in work activities beyond community service, such as job search, in order to make up the difference between the hours in community service and the number of hours of participation required.

- Sanctions family for the amount of the adult's portion of the grant for failure to participate in work activities.
- Tightens the list of exemptions from work requirements and eliminates the list of deferrals. For example, a woman in the last trimester of pregnancy would only be exempt if medical verification states that pregnancy impairs her ability to participate.
- Allows counties to make case-by-case determinations regarding good cause for deferrals from work requirements.
- Exempts parents with children under six months of age from work activities. Counties may reduce the time frame to three months or extend it to 12 months on a countywide basis, based on the availability of child care. This exemption is good for one child only. A 12-week exemption is provided for subsequent births, with a county option to extend it to six months.

Eligibility And Benefits

- Requires all *applicants* to provide documentation of immunization for all nonschool-age children within 30 days of receiving their Medi-Cal card and all *recipients* within 45 days of their next redetermination, or risk losing the parent's share of the grant. Counties may extend the 30-day period for good cause.
- Requires that children in the assistance unit who are required to attend school actually attend. Family risks losing adult share of the grant for a child who is under 16 or truant's share of grant for a child who is 16 or older.
- Requires women to cooperate in paternity establishment or risk a 25 percent grant reduction for noncompliance.
- Revises the income disregard structure so that the first \$225 of earned income and 50 percent of remaining earned income are ignored. This change increases the amount a full-time earner at \$5.75 (March 1998 minimum wage) would receive from welfare and work combined, but reduces the total income of a half-time (20 hours/week) or ¾-time worker as compared to current law.
- Continues the \$50 child support disregard.
- Allows a family to own one vehicle with a value up to \$4,500 and still be eligible for assistance and conforms income and assets rules with the Food Stamp program.
- Continues monthly income reporting and prospective budgeting.
- Conforms to federal law denying assistance to drug felons and fleeing felons.

Child Care

- Guarantees child care for welfare-to-work recipients with children under 10 years old.
- Appears to use the proposed three stage program for provision of child care services for TANF recipients. Stage II, for the period that the child's parent is in training, working and receiving aid, or transitioning off assistance would be time limited and available for up to two years after a recipient leaves aid.

Food Stamps/ABAWDs

- Allows the Governor to decide whether to continue waivers available under federal law.

Governance and Administration

- Does not change the range of services counties are allowed to contract out under current law.
- Provides for no cost to counties for planning, procurement, or implementation of EBT for Food Stamps. Counties will pay their share for maintenance and operations.
- Allows counties to retain 75 percent of savings achieved in the county due to diversion, exits due to employment, or decreased grants due to employment. The remaining 25 percent would be kept by the CDSS for payments to counties facing a more difficult time achieving savings, due to economic or demographic circumstances. Passes on 50 percent of any federal sanctions to counties.

HEALTH AND WELFARE COMPONENTS OF THE FEDERAL BUDGET CONFERENCE AGREEMENT

Medicaid

- Saves nearly \$13 billion over five years and nearly \$60 billion over ten years, in part by reducing disproportionate share hospital (DSH) and non-DSH payments.
- Gives states substantial flexibility, including managed care without waivers, repeal of the Boren amendment, and reduced QMB/dual eligible medical reimbursement rates.
- Provides a \$1.5 billion capped entitlement to the states to assist low-income Medicare beneficiaries.

Children's Health

- Earmarks \$24 billion over five years to expand health-care coverage for children. States may enhance Medicaid funding, utilize state health insurance programs, provide direct services programs using up to 15 percent of funding, or any combination of the three.
- Allows states options for developing benefits packages including FEHB/Blue Cross Blue Shield, state HMOs, state employee health plan, a state plan approved by the Secretary of DHHS, or an actuarially equivalent package of their choosing.

Supplemental Security Income (SSI) For Legal Noncitizens

- Restores benefits to legal noncitizens who were receiving SSI as of August 22, 1996 and legal noncitizens who were residing in the US as of August 22, 1996 and become disabled in the future. These provision cost an estimated \$11.4 billion over five years.

Food Stamps For ABAWDs

- Provides states with the authority to exempt up to 15 percent of their food stamp caseload from the work requirement for able-bodied adults without dependents (ABAWDs) and

creates additional work slots for those affected by the work requirement. Spending for these provisions will be approximately \$1.5 billion over five years.

Welfare-To-Work Grants

- Establishes a four year \$3 billion program to assist in moving welfare recipients to work. Funds will be distributed to areas with high poverty or high unemployment and administered by the Department of Labor.