

# FACT SHEET



June 26, 1992

## PRESIDENT BUSH ON WELFARE REFORM

"It's time to replace the assumptions of the welfare state and help reform the welfare system. States throughout the country are beginning to operate with new assumptions: that when able-bodied people receive government assistance, they have responsibilities to the taxpayer. A responsibility to seek work, education or job training; a responsibility to get their lives in order; a responsibility to hold their families together and refrain from having children out of wedlock; and a responsibility to obey the law."

-- President Bush  
State of the Union Address  
January 28, 1992

### Summary: The President's Objectives for Welfare Reform

- o The principles outlined by the President in his State of the Union Address are essential to adding accountability to welfare and reducing dependency. These reforms include:
  - Requirements that able-bodied welfare recipients enroll in workfare or some form of job training in exchange for receiving benefits;
  - Measuring the success of welfare programs by how many people move from the welfare rolls onto the job rolls.
  - Adding incentives that encourage families to stay together, and disincentives that discourage additional out-of-wedlock births.
- o To accelerate implementation of welfare reforms, President Bush has made a commitment to speed up review of Federal waivers for state reforms. The President and the Secretary of Health and Human Services have already approved a waiver for Wisconsin's Parental and Family Responsibility Initiative, which provides new incentives for welfare recipients to work and marry.

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- o Reducing dependency in welfare will save taxpayer dollars, but more importantly, make able-bodied citizens productive again. Getting people off welfare and into jobs helps former recipients, their families, and society generally. In addition, getting long-term dependents off welfare will free up more dollars for programs that are supposed to help working Americans and their families in times of economic strain, instead of providing more government funds for already-dependent welfare recipients.

The Need for Welfare Reform

- o The 1988 Family Support Act represented a philosophical turning point in the approach to welfare; it expanded government efforts to train recipients and to collect child support, but it also required recipients to accept new responsibilities.
- o Many reforms proposed since 1988 reflect the Family Security Act's conceptual approach; however, there remains a growing need to translate new thinking into lasting results. Dependency remains a pervasive problem. Research has shown that about two-thirds of the families on AFDC at any given time will spend a total of eight or more years on the rolls.
- o Addressing long-term dependency by increasing incentives for those on welfare to work and behave responsibly will help dependent recipients become productive again, and will prevent the current generation of children from becoming the AFDC parents of the next decade. New welfare reforms will meet government's responsibility to become both more effective and more compassionate.

Federal Approval of State Demonstration Programs

- o On April 10th, President Bush announced approval of Federal waivers for Wisconsin's Parental and Family Responsibility Initiative which is designed to encourage teenage parent welfare recipients to work and marry. The initiative will strengthen families by encouraging poor couples to marry and to be responsible about child-bearing. Also, recipients will be required to participate in education and job placement services. Unlike existing programs, Wisconsin's plan will increase the reward for taking jobs by increasing the amount of monthly earnings that can be received before AFDC payments are reduced.

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- o The Bush Administration has approved several other welfare reform demonstration projects, including:
  - Illinois' Chance for Self-Sufficiency program which is helping families previously on welfare to stay off welfare by providing state-sponsored and community based post-welfare education and training services.
  - In Maryland, Montgomery County's Cash Incentives Payments for Self-Sufficiency which increases the value of work by providing incentive bonuses for completing job training or getting a job.
  - Texas' Toward Independence Program which provided one-year of Medicaid and child care benefits to ease the transition from welfare to work.
- o More than 20 States that begun to develop welfare reform proposals. These proposals are receiving expedited review at the Federal level.

Reforms by States

- o Reforms that require responsibility, promote family values, and reduce dependency, if adopted by a number of states, would fundamentally improve welfare's operation. Meaningful welfare reform as outlined and promoted by the President will mean dependent recipients, to continue receiving benefits, would have to assume a measure of personal responsibility and take concrete steps to improve their lives.
- o States such as New Jersey and California are taking steps to approve reforms similar to the President's proposals. New Jersey has passed a law this year that would instill responsibility by requiring work for welfare (or enrollment in job training), and by not increasing benefits to those who have additional children while receiving welfare.

Putting the Private Sector to Work in Reducing Welfare Dependency

- o The private sector can play an important role in getting welfare recipients back to work. Some states have established public-private networks which pay private firms for each welfare recipient placed in a job. Results-oriented programs like these put the power of the marketplace to work in ways that benefit taxpayers, state and local governments, and welfare recipients.

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- o By focusing on results, private firms are able to take direct control over welfare cases, steering recipients into jobs sooner than the state might have, and reducing costs to taxpayers. States have strong incentives to turn to the private sector, which can be held directly accountable for success or failure.
- o In partnership with state and local governments, private sector initiatives under the Job Opportunities and Basic Skills (JOBS) program remove barriers to employment with placement services, sharpen workers' skills, and place welfare recipients in paying jobs. Major "welfare-to-work" projects with private sector involvement exist in Connecticut, New York, Massachusetts, and Wyoming. One private firm manages over 14,000 AFDC cases in Los Angeles County alone. Thousands of Texas AFDC recipients benefit from a private firm's case management project that provides focused training and placement services.

Budgetary Commitments to Welfare Reform

- o The President is making concrete his commitment to workfare and welfare reform by:
  - Providing \$1 billion in FY93 to finance the federal share of the Job Opportunities and Basic Skills training program (JOBS). JOBS helps eligible parents receiving assistance under AFDC to obtain education, training, and employment services, and thus to avoid welfare dependency.
  - Proposing \$250 million over five years for AFDC changes to provide incentives for savings and promote self-employment among welfare recipients.
- o President Bush also wants to expand opportunities for private sector involvement, and, in his Job Training 2000 initiative has proposed several new welfare-to-work reform demonstrations to fund public-private partnerships involving more than \$20 million in welfare payments.

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Creating Opportunities for Self-Improvement

- o The President understands that instilling responsibility means more than just providing opportunities for education and training -- it means creating a network of opportunity for self-improvement: the HOPE initiative in housing to encourage home ownership, the AMERICA 2000 strategy to restore accountability to education, and significant new funding for child care programs to help the children of working parents onto the path of opportunity and Job Training 2000 which would establish "one-stop shopping" skill centers replacing the existing job training maze to help the low-income disadvantaged find jobs, and training more easily.
- o If government is to encourage personal responsibility, the design of current programs must be changed significantly to expand job opportunities and promote self sufficiency. To this end, the President's FY93 budget contains several initiatives to help low-income families escape welfare dependency:
  - The President has proposed to give states the option of allowing families already on the welfare rolls to accumulate savings. This will give AFDC families the opportunity to save up to \$10,000 to achieve independence from welfare, educate their children, or start a business.
  - The President has proposed to create a welfare initiative, similar to an existing Social Security initiative, the Plan for Achieving Self-Support (PASS). This plan would let welfare families who agree to leave welfare within a specified period to keep income which normally would count against the family's welfare benefits.
  - The President has proposed a demonstration program allowing states to create escrow savings accounts for long-term AFDC recipients trying to work their way off welfare. Individuals could set aside an amount equal to state's savings from not having to pay AFDC that would be realized when the family head gets a job. These savings would be paid back to the family in a lump sum once family income exceeds the need for cash assistance.

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- o These legislative changes would assist states in designing workfare plans that meet the President's reform objectives. They would also allow welfare recipients to prepare better for entry into the work force and help prevent their return to the welfare rolls.

Enforcement of Child Support

- o President Bush understands that welfare dependency often stems from the failure of families to form or endure. Thus, the President is working on a variety of fronts to strengthen families and lower the costs of raising children.
- o President Bush is committed to making sure that absent parents meet their financial responsibilities, giving children at least the financial support they need. In the first three years of the Bush Administration, child support collections by states rose 30 percent. In 1986, child support orders recovered by the federal government totalled just \$3.2 billion. Last year, recoveries had more than doubled to almost \$7 billion. About \$2 billion of that amount was collected on behalf of families receiving welfare.
- o President bush has proposed legislative changes to extend child support enforcement services to recipients of other federally funded programs besides AFDC, and to increase health insurance coverage of children by their non-custodial parents.

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