

Memorandum

From: [REDACTED]

To: Mr. Dennis Hastert, Speaker of the House

Subject: Preliminary Approach to Welfare Reform

much improved formatting

History:

✓ The nation's history of providing welfare began in 1962 with Aid to Families with Dependent Children (AFDC); a program wherein state governments administered education, job training and placement with federal funding. In 1996 the Clinton administration with support from a Republican Congress revamped AFDC, yielding a block grant program of \$16.8 annually called Temporary Assistance for Needy Families (TANF). TANF differed from AFDC in several ways, most importantly implementing greater flexibility for state governments, work requirements to receive aid, and a 5 year cap on how long a person can receive aid. TANF expired in 2002 and has been extended by Congress each year in the absence of new legislation.

Problem:

✓ TANF has lapsed and needs to be permanently replaced or renewed. Until then, the nation lacks a long-term goal for welfare policy. Welfare policy seeks to remedy inequitable distribution of wealth, help all Americans attain a minimum standard of living, increase independence and end family's reliance on public aid. The causes of this inequality are varied, mostly rooted in social problems. According to www.census.gov, 12.5% of Americans live in poverty, equal to 39.5 million people, the highest figure since the mid-nineties. High rates of poverty can jeopardize the health of the economy,

✓ low bid is it.

creating the need for large-scale intervention. The government is involved and will continue to be involved in administering public aid to those in need ~~largely for political~~ reasons. Few Americans wholeheartedly support welfare; many see it as a disincentive to work or simply "getting something for nothing." Individuals in society have neither the means nor the altruism to provide the nation's welfare, especially at its current scope.

Stakeholders:

- The Federal Government: Health and Human Services, Medicaid, Food Stamps, Department of Labor all decide fund allocation and program implementation.
- The State Governments and their TANF programs are concerned with how much federal policy will limit or restrict their unique local programs, such as in West Virginia, Pennsylvania, California, and Massachusetts.
- Taxpayers are concerned with the cost burden associated with welfare that will be shifted onto their households.
- Families near the poverty line, either currently or potentially receiving aid are concerned about the future of their benefits.
- Employers care about how workfare participants might affect the workforce.
- Job Training programs are concerned with what type of preparation they need to offer; higher education or simpler trade training.

Criteria:

When comparing potential welfare programs we will consider:

- ✓ - The cost to the federal government and apportionment to state governments to implement a welfare program, measured by total fiscal spending, with the goal to minimize costs.
- ✓ - The cost to taxpayers measured by the increase in new taxes, with the goal to minimize new taxes.
- ✓ - The fairness to families receiving aid measured as a proportion of all recipients, with the goal to increase this percentage compared with single adults. Fairness can also be measured by attempting to maximize the proportion of parents on welfare who are newly able to work as a result of childcare programs/subsidies.

↳ Is this the only "fairness" group you want to consider?

- ✓ - Self-sufficiency of TANF graduates measured by after-aid income levels and employment rates attempting to maximize these figures. Self-sufficiency can also be measured by the average number of years recipients receive aid, with the goal to minimize this number.
- ✓ - States' discretion with their TANF grant, as measured by the proportion of funds that will be state-controlled vs. federally controlled, with the goal to maximize this figure.
- ✓ - The incentive to work created by a welfare program, as measured by the number of hours of work required of each welfare recipient with the goal to maximize work hours.

Alternatives: *What about some overall criteria → marriage, health economy, poverty measures?*

- ✓ - Status Quo - The first alternative to consider is reinstating TANF for another extended duration. *~ what limits/components are currently in place?*
- ✓ - Superwaiver - Another alternative explores giving more executive power to the states, allowing them to use federal funds to tailor their local programs to local needs. Many current proposals include a "Superwaiver," which grants state programs virtually full authority to design and implement their own welfare system with federal funds.
- good ✓ - House Proposal - The program proposed in the House of Representatives has strict measures for job search, readiness, education, and/or training; provides less childcare subsidies as a proportion of its funding; direct less money to child support, and includes the Superwaiver clause.
- ✓ - Senate Proposal - In contrast, the Senate proposal has looser requirements for job preparations, provides more subsidies for childcare, directs more money to child support, does not include the Superwaiver, and does include "marriage promotion."
- ✓ - Duration/Eligibility - A final possible alternative is to craft a new proposal based on altering the lifetime aid limits and eligibility requirements. TANF is currently capped at five years, which could change to either create greater or lesser pressure for recipients to transition to work. Also, reinterpreting the poverty line could either increase or decrease the pool of potential recipients, which has significant implications for the cost of welfare.