



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

<http://finance.senate.gov>

MEMORANDUM

To: Reporters and Editors
Re: Welfare bill comments, mischaracterizations
Da: Friday, April 8, 2005

Sen. Chuck Grassley, chairman of the Committee on Finance, today made the following comments in response to remarks from House members on the Senate welfare bill in an article in yesterday's Bureau of National Affairs and addressed mischaracterizations of the bill's cost.

"I hope House members will decide to move a welfare bill so we can let the legislative process move forward. I hope we still share the goal of enacting meaningful improvements to the welfare program.

"I was disappointed that Senate progress on consideration of a reauthorization of the welfare bill was not more enthusiastically greeted by the House. House members have been criticizing the lack of Senate movement for several years. So now that the full Senate is close to being able to move bipartisan legislation, it seems ironic that Senate progress has 'dampened' House committee members' enthusiasm for marking up the welfare bill.

"I understand that some may be confused by some characterizations of the cost of the Senate bill. It's inaccurate to characterize the Personal Responsibility and Individual Development for Everyone (PRIDE) Act of 2003, which is the welfare bill reported out of the Senate Finance Committee in 2003, as costing much less than the current bill. Those who would do so neglect to mention that the 2003 score was based on 2003 assumptions and the 2003 baseline.

"The PRIDE Act of 2003 as reported by the Finance Committee was introduced with a minor modification in S.6 as part of the Republican leadership agenda by Senator Rick Santorum this year. This bill includes a full five-year extension of Transitional Medical Assistance (TMA), \$1 billion in funding for child care, and a bipartisan agreement for child support improvements.

"Also inaccurate are various characterizations of the child care increase. The child care increase approved during the Finance Committee's consideration of the PRIDE Act of 2005 is scored by CBO as increasing outlays by approximately \$4.5 billion over five years and \$4.9 billion over 10 years. The PRIDE Act of 2005 also includes three revenue provisions that CBO estimates will produce a net change to the baseline of \$2.8 billion over five years and \$5.6 billion over 10 years. Therefore the additional child care funding proposal results in net outlay reductions to the CBO baseline over 10 years.

“During Senate consideration of the welfare bill during March 2004, an amendment offered by Senators Snowe, Dodd, and Hatch would have increased child care funding by an additional \$6 billion over five years, ‘paid for’ by extending Custom users’ fees during the ‘out years.’ That amendment passed with 78 votes. As a result of last year’s overwhelming approval of additional child care funding, the 2004 version of the PRIDE bill had a CBO score of \$11.0 billion over 5 years and \$22.2 billion over 10 years. (CBO revised score, February, 2004). The PRIDE Act of 2005, as reported by the Finance Committee, has a ten-year CBO score that is half of last year’s bill. Unfortunately, the Senate hasn’t been able to act on a welfare bill for nearly four years. Part of the reason is we haven’t been able to come together in a bipartisan way to make progress on this issue until now. Senator Baucus and I were able to come to a bipartisan agreement on the PRIDE bill so that the Senate can finally pass a bill this session. This took compromise.

“Child care is critical for families making the transition from welfare to work. It’s very simple – if we want young, single moms with little kids at home to go out into the workplace and earn a living, we have to provide adequate and affordable child care for their children. I don’t understand why some are so opposed to this common-sense work support for single moms.

“If the Senate Finance Committee had not included additional child care funding, it’s extremely likely that an amendment to increase child care funding by at least \$5 billion, and probably more, would have passed overwhelmingly in the Senate.

“Also overlooked is that other than child care, the most costly provision in the PRIDE Act of 2005 is the \$4.06 billion to extend Transitional Medical Assistance for five years. The Senate-passed budget resolution and the House welfare reauthorization bill (H.R. 240) assume only one year of TMA, yet TMA has been extended, without an offset, in each of the past nine short-term extensions of the welfare law.

“Prior to the 1996 welfare reform bill, the costs of providing health care coverage for struggling families was one of the main reasons why these vulnerable families couldn’t make the transition from welfare to work. Providing transitional Medicaid to these families trying to get and stay off welfare is an integral feature of welfare reform. Most would agree that eliminating funding for Medicaid for families, with children, struggling to make the transition from dependence to self-sufficiency wouldn’t generate much support in Congress.”