NLWJC - Kagan

DPC - Box 004 - Folder 002

Budget Materials - Appropriations Riders 1999: Child Care & Welfare

New file

Budget - appropriations since 1999 - child care and welfare

10-09-1998 8:32AM FROM MARY BOURDETTE 96905750 Budget - approps riders 99 - child care + WR P.2

Elena, this is the FY98 Conference report language on child care - Harkin quality fund that we could add the $180 mil to, per the paper outlining options.

FY98 LHHS Conference Report

Nicole

and communities impacted by recent changes in Federal assistance programs relating to welfare reform, and Cuban and Haitian entrants and refugees. The conferees intend that ORR comply with the directive in the Senate report regarding the Voluntary Agency Grant program.

CHILD CARE AND DEVELOPMENT BLOCK GRANT

(INCLUDING TRANSFER OF FUNDS)

The conference agreement appropriates $65,672,000 as a supplement to the fiscal year 1998 appropriation that was enacted last year, instead of $26,120,000 as proposed by the Senate and no additional funding as proposed by the House. In addition, the agreement appropriates $1,000,000,000 as an advance appropriation for fiscal year 1999 as proposed in both the House and Senate bills. The agreement further provides that of the $19,120,000 that became available on October 1, 1997 for child care resource and referral and school-aged child care activities, $3,000,000 shall be derived by transfer from funds appropriated in the welfare reform act, instead of $6,120,000 as proposed by the Senate. The House had no similar transfer provision. Lastly, the conferees are concerned about the inadequate supply of quality child care for infants. Therefore, the agreement includes language that was not in either bill that requires the States to utilize $50,000,000 above the amount required by the basic law for activities that improve the quality of child care. These new funds should supplement, not supplant, current and planned activities to increase the supply of quality child care for infants and toddlers.

The basic law requires that not less than four percent of the appropriation be used for such activities.

SOCIAL SERVICES BLOCK GRANT

The conference agreement includes $2,299,000,000 for the Social Services Block Grant program instead of $2,245,000,000 provided in the House and Senate bills. The conference agreement also includes a provision setting the amount specified for allocation under section 2003(c) of the Social Security Act at $2,299,000,000 instead of $2,245,000,000 as proposed by the Senate. The House bill included no similar provision. The conferees intended that ACF comply with the reporting directive in the House report.

CHILDREN AND FAMILIES SERVICES PROGRAMS

(INCLUDING RESCISSIONS)

The conference agreement appropriates $5,682,916,000, instead of $5,598,052,000 as proposed by the House and $5,611,094,000 as proposed by the Senate. In addition, the agreement rescinds $21,000,000 from permanent appropriations as proposed by the House and Senate.

The agreement includes a parenthetical legal citation to section 105(a)(2) of the Child Abuse Prevention and Treatment Act as proposed by the Senate. The conferees agree that within the amount provided for child abuse discretionary activities, $1,000,000 is available for carrying out activities authorized by that section.

Budget - approps riders 99 -
child care + WR

The $180 million: Quality versus Subsidies
October 9, 1998

DPC, OFL, NEC and HHS agree that our priorities regarding the $180 million should be as follows:

1. Our three programs
2. Directing the $180 million to quality in one of two ways: a) adding it to the Harkin infant-toddler money using the FY 1998 report language (preferred suboption); or b) adding it to the overall quality set-aside (i.e., to the 4 percent floor, with protections against supplantation).
3. Subsidies

- Adding the $180 million to the quality set-aside would more than double the level of spending on quality (from about $120 million to $300 million) whereas $180 million represents only about a 6 percent increase in funding for subsidies.

- The argument has been made that if the dollars go for subsidies, we at least know what we're buying. **This implicitly assumes that all child care purchased with subsidy money is of at least mediocre quality**. Unfortunately, this is not the case.

Three multi-site studies conducted between 1988 and 1994, including the highly regarded *Cost, Quality and Child Outcomes in Child Care Centers*, found that only 12 to 14 percent of children in care are in arrangements that promote their growth and learning, while 12 to 21 percent are in settings that are unsafe and actually impair their development. For infants and toddlers, the percentage of poor/unsafe settings is much higher -- 40 percent (*Florida Child Care Quality Improvement Study: Interim Report*, Howes, Smith, Galinsky, Families and Work Institute, 1995).

- The President's child care initiative included significant investments in both subsidies and quality, **because it makes little sense to spend more money on care that is in many cases substandard** (this is also, of course, an argument for the three discretionary programs we proposed).

Children in higher quality settings develop receptive language more rapidly, have superior math skills, engage in more complex play with both objects and other children and exhibit fewer behavior problems (both at the time and upon entering school). Studies have found that the impacts on social skills and academic performance persist into elementary school (*Are They in Any Real Danger*, Love *et. al.*, Mathematica Policy Research, 1996)

As noted in the CEA paper on early learning: "children who receive care in quality centers tend to be less distracted and more task-oriented, considerate, happy and socially competent in elementary school. They are more self-confident, proficient in language, advanced in cognitive development and make better academic progress. Conversely, children in poor quality programs risk the development of poor school skills and heightened aggression."

- Administration policy is that spending on child care quality is both beneficial and necessary, and our stance on the Hill should reflect that policy.

Child Care Bill and Report Language

Child Care Bill Language

In the House bill, p. 41, line 17, strike "1,000,000,000" and insert "1,182,672,000".

In the Senate bill at p. 43, line 2, and in the House bill at p. 41, line 17, strike the period and insert the following:

: Provided further, That $180,000,000 is available consistent with the purposes of Section 658G to improve the quality and availability of child care; of which $100,000,000 shall be available to assist States in child care health and safety standards enforcement activities and that allotment of such funds to states shall reward those states with improved records of standards enforcement, $50,000,000 shall be available to assist States in supporting scholarships of up to $1,500 annually to child care providers who commit to remaining in the field for one year and that such funds shall require a state match and state plans shall require a commitment from child care employers to provide bonuses or other increases in compensation to scholarship recipients upon completion of training, and $30,000,000 shall be available to the Secretary for child care research, demonstration and evaluation activities (directly or by grants or contracts), consumer education, and a child care parent hotline.

Child Care Report Language

In the Senate report, at p. 173, add the following at the end of the section on the Child Care and Development Block Grant; and in the House report, at p. 117, add the following before the last paragraph in the section on the Child Care and Development Block Grant:

The Committee has provided an additional $180,000,000 in FY 2000 for activities that will improve the quality and availability of child care. Within this amount, $100,000,000 is provided for state programs of standards enforcement to help improve child care licensing systems, enforce State child care health and safety standards, promote licensing and accreditation, and ensure the health and safety of all children in child care. The Committee urges the Department of Health and Human Services to provide funds to states in such a manner so that financial incentives are available for states showing improvement in their standards enforcement programs.

The bill provides that $50,000,000 of the amount appropriated shall be for state scholarship programs that provide up to $1,500 annually to current and future child care providers who agree to remain in the field for at least one year after completion of the education for which the scholarship is used. The Committee believes that the success of this program is dependent on a committment to the program on the part of the states, individual providers, and child care employers. The Committee therefore recommends that in addition to the provider's commitment to remain in the field, the program design also include a state match and a commitment by the child care employer to provide a bonus or other increase in compensation upon completion of training. The funds provided for standards enforcement activities and provider scholarships are to be in addition to the funds States are required to reserve under section 658G of the Omnibus Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990).

The Committee recommendation also includes $30,000,000 for the Secretary to carry out research, demonstrations and evaluation projects to identify the child care needs of low-income working families; expand the nation's knowledge of good policies and practices, including the types of child care settings, parent activities, and provider training that most benefit the early development of children; enhance availability, affordability and quality of child care for low-income families; provide child care consumer education; and establish parent child care hotlines.

Simplified Child Care Language

Option 1: Allow states to use $150M on enforcement and/or scholarships, as they wish. Leave $30M for HHS. Note that language on enforcement and scholarships is also simpler.

: provided further, that $180,000,000 is available consistent with the purposes of Section 658G to improve the quality and availability of child care through improvements in health and safety standards enforcement activities and through scholarships for child care providers. Provided further, that $30,000,000 of the $180,000,000 shall be available to the Secretary for child care research, demonstration and evaluation activities (directly or by grants or contracts), consurmer education, and a child care parent hotline.

Option 2: Reduce or eliminate HHS set aside for research.

This years Senate bill

of the request as an emergency requirement as defined in the Balanced Budget and Emergency Deficit Control Act.

REFUGEE AND ENTRANT ASSISTANCE

Senate bill

For making payments for refugee and entrant assistance activities authorized by title IV of the Immigration and Nationality Act and section 501 of the Refugee Education Assistance Act of 1980 (Public Law 96–422), $415,000,000: *Provided*, That funds appropriated pursuant to section 414(a) of the Immigration and Nationality Act under Public Law 104–208 for fiscal year 1997 shall be available for the costs of assistance provided and other activities conducted in such year and in fiscal years 1998 and 1999.

CHILD CARE AND DEVELOPMENT BLOCK GRANT

For carrying out sections 658A through 658R of the Omnibus Budget Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990), to become available on October 1, 1999 and remain available through September 30, 2000, $1,182,672,000: *Provided*, That $19,120,000 shall be available for child care resource and referral and school-aged child care activities: *Provided further*, That for fiscal years 1999 and 200 of the funds provided under this Act and P.L. 105-78, $50,000,000 shall be reserved for each ~~of fiscal years 1999 and 2000~~ such fiscal year by the States for activities authorized under section 658G of the Omnibus Budget Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990), such

funds to be in addition to the amounts required to be reserved by States under section 658G.

SOCIAL SERVICES BLOCK GRANT

For making grants to States pursuant to section 2002 of the Social Security Act, $1,909,000,000: *Provided*, That (1) notwithstanding section 2003(c) of such Act, as amended, the amount specified for allocation under such section for fiscal year 1999 shall be $1,909,000,000 and (2) notwithstanding subparagraph (B) of section 404(d)(2) of such Act, the applicable percent specified under such subparagraph for a State for fiscal year 1999 shall be the percent of the State grant under section 403(a) of such Act for fiscal year 1998 transferred in fiscal year 1998 to the State program under title XX of such Act.

CHILDREN AND FAMILIES SERVICES PROGRAMS

(INCLUDING RESCISSIONS)

For carrying out, except as otherwise provided, the Runaway and Homeless Youth Act, the Developmental Disabilities Assistance and Bill of Rights Act, the Head Start Act, the Child Abuse Prevention and Treatment Act (including section 105(a)(2) of the Child Abuse Prevention and Treatment Act), the Native American Programs Act of 1974, title II of Public Law 95–266 (adoption opportunities), the Adoption and Safe Families Act of 1997 (Public Law 105–89), the Abandoned Infants Assistance Act

CHILD CARE AND DEVELOPMENT BLOCK GRANT

(INCLUDING TRANSFER OF FUNDS)

Last years language

For carrying out sections 658A through 658R of the Omnibus Budget Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990), in addition to amounts already appropriated for fiscal year 1998, $65,672,000; and to become available on October 1, 1998 and remain available through September 30, 1999, $1,000,000,000: Provided, That of funds appropriated for each of fiscal years 1998 and 1999, $19,120,000 shall be available for child care resource and referral and school-aged child care activities, of which for fiscal year 1998 $3,000,000 shall be derived from an amount that shall be transferred from the amount appropriated under section 452(j) of the Social Security Act (42 U.S.C. 652(j)) for fiscal year 1997 and remaining available for expenditure: Provided further, That of the funds provided for fiscal year 1998, $50,000,000 shall be reserved by the States for activities authorized under section 658G of the Omnibus Budget Reconciliation Act of 1981 (The Child Care and Development Block Grant Act of 1990), such funds to be in addition to the amounts required to be reserved by States under such section 658G.

SOCIAL SERVICES BLOCK GRANT

For making grants to States pursuant to section 2002 of the Social Security Act, $2,299,000,000: Provided, That notwithstanding section 2003(c) of such Act, as amended, the amount specified for allocation under such section for fiscal year 1998 shall be $2,299,000,000.

CHILDREN AND FAMILIES SERVICES PROGRAMS

(INCLUDING RESCISSIONS)

For carrying out, except as otherwise provided, the Runaway and Homeless Youth Act, the Developmental Disabilities Assistance and Bill of Rights Act, the Head Start Act, the Child Abuse Prevention and Treatment Act, (including section 105(a)(2) of the Child Abuse Prevention and Treatment Act), the Family Violence Prevention and Services Act, the Native American Programs Act of 1974, title II of Public Law 95–266 (adoption opportunities), the Abandoned Infants Assistance Act of 1988, part B(1) of title IV and sections 413, 429A and 1110 of the Social Security Act; for making payments under the Community Services Block Grant Act; and for necessary administrative expenses to carry out said Acts and titles I, IV, X, XI, XIV, XVI, and XX of the Social Security Act, the Act of July 5, 1960 (24 U.S.C. ch. 9), the Omnibus Budget Reconciliation Act of 1981, title IV of the Immigration and Nationality Act, section 501 of the Refugee Education Assistance Act of 1980, and section 126 and titles IV and V of Public Law 100–485, $5,682,916,000, of which $542,165,000 shall be for making payments under the Community Services Block Grant Act, and of which $4,355,000,000 shall be for making payments under the Head Start Act: Provided, That of the funds made available for the Head Start Act, $279,250,000 shall be set aside for the Head Start Program for Families with Infants and Toddlers (Early Head Start):

Child Care and Development Block Grant Language

Bill Language

Provided, further in addition to the amounts already appropriated for fiscal year 2000, $172,672,000 shall be appropriated for activities authorized under section 658G of the Omnibus Reconciliation Act of 1990 (The Child Care and Development Block Grant Act of 1990), as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, such funds to be in addition to the amounts required to be reserved by the States under section 658G. Provided, further in addition to the amounts already appropriated for fiscal year 2000, $10,000,000 shall be appropriated for use by the Secretary for child care research, demonstration and evaluation activities (directly or by grants or contracts).

Report Language

The Committee includes $172,672,000 for activities authorized under section 658G designed to provide comprehensive consumer education to parents and the public, activities that increase parental choice, and activities designed to improve the quality and availability of child care (such as resource and referral services). These funds are to be in addition to the funds States are required to reserve under section 658G of the Omnibus Reconciliation Act of 1990 (The Child Care and Development Block Grant Act of 1990), as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996. The Committee also includes $10,000,000 for the Secretary to carry out research, demonstration and evaluation projects to identify the child care needs of low-income working families and their children and models of effective parental and provider training that have the most potential to benefit the early and sustained development of children.

Note:

The Republicans included a second sentence on research in the report language, which we would recommend striking, which read as follows: "The Committee encourages the Secretary to consider ways to expand training opportunities through the development of distance learning and technology-based training models for regions of the United States with the fewest training opportunities for child care providers." The Secretary will consider this and other options for spending the research money, at this stage it is premature to direct research in one direction or another. (This is not a major issue.)

Andrea Kane

Record Type: Record

To: Elena Kagan/OPD/EOP
cc: Bruce N. Reed/OPD/EOP, Cynthia A. Rice/OPD/EOP
bcc:
Subject: Re: riders

OMB has been floating an alternative to limit the amount a state can transfer to 4.25% of their TANF block grant beginning in FY 1999. Given the wide variation in state decisions to transfer in FY 1998, a somewhat better alternative might be to give states the option of transferring the higher of what they did in FY 1998 or 4.25%. Some states have transferred considerably more than 4.25%, some have not yet transferred anything in FY 1998 but might want to in FY 1999. We'd like to discuss other alternatives with OMB and HHS, assuming we have time to come up w/ an alternative--when do you need this?

Background
The welfare reform law, as amended by BBA, said states could transfer up to 30% of their TANF block grant to child care, including up to 10% for SSBG. TEA-21 reduced the SSBG transfer to 4.25% beginning in 2000; OMB's possible alternative is to impose this same limit beginning in FY 1999.
Elena Kagan

Elena Kagan
10/06/98 03:07:13 PM

Record Type: Record

To: Andrea Kane/OPD/EOP
cc: Bruce N. Reed/OPD/EOP, Cynthia A. Rice/OPD/EOP
bcc:
Subject: Re: riders

Do we have any compromise ideas/fallback positions?
Andrea Kane

Andrea Kane

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Cynthia A. Rice/OPD/EOP
Subject: riders

Here's section from SAP on the limitation on TANF transfer. It's definitely a bad thing.

"Social Services Block Grant. The Administration opposes a provision that would restrict State authority to transfer Temporary Assistance to Needy Families (TANF) funds to SSBG in FY 1999 to no more than the amounts transferred by individual States in FY 1998. Enacting such a provision so late in FY 1998 would inequitably limit State flexibility for the future. "

I'm still checking on the WTW obligation period.

The Title XX Coalition

October 2, 1998

The Honorable Arlen Specter
The United States Senate
Washington, DC 20510

Dear Chairman Specter:

As final negotiations begin over funding for the Departments of Labor, Health and Human Services, and Education, the undersigned organizations wish to express our strong opposition to any cut to Title XX, the Social Services Block Grant. In addition, we are extremely concerned about proposed language that would limit the amount of Temporary Assistance to Needy Families (TANF) funds states could transfer into Title XX to no more than was transferred in FY98.

We urge you to recognize the vital importance of Title XX. This program funds a wide range of critical social programs at the community level including services for the aging, children, and citizens with disabilities as well as protective services, child care, nutrition programs, treatment programs and job training. A cut to Title XX will impact the vulnerable recipients of all of these vital services.

We understand the great constraints that the Labor, HHS, and Education Appropriations bills must operate under in light of last year's balanced budget agreement. Our organizations recognize the need for a balanced federal budget, but at the same time we must point out that this program has already contributed $3.5 billion to that goal.

Therefore, the undersigned organizations urge you to fund the Social Services Block Grant at its present level of $2.299 billion with no further restrictions on TANF transferability.

Sincerely,

Alliance for Children and Families
American Academy of Pediatrics
American Counseling Association
American Friends Service Committee
American Humane Association
American Jewish Committee
American Network of Community Options and Resources
American Psychological Association

THE WHITE HOUSE

Domestic Policy Council

DATE: 10/7

FACSIMILE FOR: Elena Kagan

FAX: 6 2878
PHONE:

FACSIMILE FROM: Andrea Kane

FAX: 202-456-7431
PHONE: 202-456-5573

NUMBER OF PAGES (INCLUDING COVER): 9

COMMENTS: letters opposing limit on TANF transfer to SSBG from CDF, Senate Ds + Rs (Finance Committee), Governors, + NGA/NCSL/APHSA.

House W&M Dem staff have indicated some concern that if the only way to get rid of this rider/limit on transfer is to further cut SSBG directly, they'd rather have the rider. Hopefully that's not our only alternative

October 7, 1998

The Children's Defense Fund
Priorities for the FY99 Omnibus Appropriations Bill

Head Start, Child Care and After School:

Head Start should be increased by $313 million in order to ensure that progress can be made to expand Head Start to all eligible children and to strengthen the quality of the program so families can receive the supports they need to succeed. The ***Child Care and Development Block Grant (CCDBG)*** should be increased by $1 billion to help families struggling to stay independent enter and stay in the workforce. The ***21st Century Community Learning Centers*** should be increased by $140 million to ensure that children are safe after school and receive the academic supports they need to realize their potential. And, campus based child care centers should receive $15 million to ensure that low income women can complete their education to assist them in getting better paying jobs.

Support for Children Who Are Abused, Neglected, or Have Disabilities:

The ***Title XX Social Services Block Grant*** for FY99 should be funded at least at its FY98 level of $2.299 billion (the House passed level and $390 million more than the Senate Committee's recommended level). Social Services Block Grant funds are used in states for services for abused and neglected children, child care for working families, treatment and services for children with disabilities, and home-based and other supports for children and adults with disabilities and senior citizens. Cuts in Title XX would seriously undermine the Adoption and Safe Families Act, passed with strong bipartisan support just last year, that help to keep children safe and to move them to adoptive families in a timely manner. ***Title XX is essential to ensure that welfare reform works and proposals to restrict the transfer of TANF funds to Title XX should be opposed.***

The ***Child Abuse Prevention and Treatment Discretionary Grants Program*** should be funded at $14.154 million for FY99 as the Senate Appropriations Committee recommended. The House eliminated funding for this program, although more than three million children a year are reported abused or neglected. Conferees should drop language in the House passed bill that would undercut the protections and enforcement provisions for children with disabilities in the Individuals with Disabilities Education Act.

Working Poor Assistance:

With US Census data showing record-breaking numbers of poor children in working families, we must invest in programs that help youth to become attached to the labor force. ***Summer Youth Employment*** should continue to receive at least $871 million, and the ***Youth Opportunity Area Grant Program*** should be funded at $375 million. Proposals to reduce or restrict the **TANF** block grant should be opposed. Congress should keep its word and leave the TANF block grant untouched. The Low Income Home Energy Assistance Program ***(LIHEAP)*** should receive $1.1 billion in advance appropriations plus $300 million for an emergency contingency fund.

Violence Prevention:

After school programs and other violence prevention initiatives should receive $125 million in title V. Any Juvenile Accountability Incentive Block Grant must remain flexible so that states can fund violence prevention programs, and are not forced to pursue misguided policies (like allowing prosecutors, rather than judges, to move children into the adult system). ***Members should reject any new controversial juvenile crime provisions that were not subject to debate in the Congress -- especially legislation that would return children to adult jails and prisons.***

United States Senate
COMMITTEE ON FINANCE
WASHINGTON, DC 20510-6200

September 23, 1998

The Honorable Robert Byrd
Ranking Member, Committee on Appropriations
United States Senate
Washington, D.C. 20510

Dear Robert:

We write to express our serious concerns with three provisions affecting welfare programs in the Labor, Health and Human Services, and Education, and related agencies appropriations bill for fiscal year 1999, and ask that these matters be addressed in any final legislation.

The first provision would drastically cut funding for welfare research in the Social Services Research account. In fiscal year 1998, approximately $26 million was allocated for this purpose, and we request that this amount be allocated again this year.

In fiscal year 1999, the Labor/HHS/Education bill provides only $21 million for this account, and of that amount, $12 million is earmarked for other purposes. On net, only $9 million is available for welfare research. Although the Administration requested only $10 million in discretionary spending for welfare research, the Administration request assumed continuation of mandatory welfare research spending, resulting in a total Administration request of $31 million. As in the current bill, in past years the Appropriations Committee has rescinded mandatory spending for welfare research on jurisdictional grounds, but provided the full amount from discretionary funds.

Welfare research funds are critically important. First, careful evaluations of welfare reform are essential to oversight by the Finance Committee. Second, as you know, welfare reform has been controversial, but all parties embraced a commitment to evaluations that would yield honest answers about the outcomes of reform. We believe that restoration of welfare research funds is critical to honor that commitment, and to establishing confidence in the nation's welfare reforms.

The second provision we find objectionable would sharply limit the opportunity for most states to transfer funds from their Temporary Assistance to Needy Families (TANF) grant under section 403(a) of the Social Security Act to their Social Services Block grant (SSBG) under Title XX of that Act. Under current law, a State may transfer up to 10 percent of their TANF grant to their SSBG account. However, under the Labor/HHS/Education bill,

The Honorable Robert Byrd
September 23, 1998
Page 2

in fiscal year 1999 a state could transfer no more than the percentage transferred in 1998. This could be problematic for the estimated 38 states that did not transfer any funds in 1998.

We have several other objections to this provision. First, this provision is an impermissible authorization on an appropriations bill. Second, as described below, this provision could jeopardize the success of welfare reform, and violates agreements made with the States during welfare reform.

The third provision is the $390 million cut in the Title XX Social Services Block grant (SSBG). While we appreciate that it is a difficult task to prepare the Labor/HHS/Education bill, we must object to such a steep reduction, and respectfully request that the funds be restored.

SSBG is a part of the Social Security Act and, as such, is within the jurisdiction of the Finance Committee. SSBG provides states and localities with a crucial source of flexible funds. It is an important source of support for child care programs -- which are essential to the success of welfare reform; services for abused and neglected children; and assistance for the home-bound elderly. SSBG funds help some of the most vulnerable in our society.

Moreover, last year we worked in a bipartisan manner to enact landmark child welfare reform legislation, the Adoption and Safe Families Act. This new law will speed the process of finding permanent homes for thousands of abused and neglected children in the foster care system, a goal we are sure you share. A reduction in the SSBG will undercut implementation of this law. At a time when we are requiring child welfare systems to make major systemic changes in how they look after the vulnerable children in their care it is unwise, even dangerous, to cut the funds available to these systems through SSBG.

As part of welfare reform, States accepted a 15-percent reduction in the authorization level for SSBG. We believe any further reductions -- either by reducing the transfer of funds or by outright cuts — are not appropriate.

We appreciate your attention to these matters.

Sincerely,

Daniel Patrick Moynihan
Ranking Member

Bill
William V. Roth, Jr.
Chairman

The Honorable Robert Byrd
September 23, 1998
Page 3

Chuck Grassley Orrin Hatch

Alfonse D'Amato Jim Jeffords

Max Baucus John Breaux

Kent Conrad Jay Rockefeller

Richard H. Bryan

John Chafee Bob Graham

NATIONAL GOVERNORS' ASSOCIATION

Thomas R. Carper
Governor of Delaware
Chairman

Michael O. Leavitt
Governor of Utah
Vice Chairman

Raymond C. Scheppach
Executive Director

Hall of the States
444 North Capitol Street
Washington, D.C. 20001-1512
Telephone (202) 624-5300
http://www.nga.org

Same letter to Gingrich + Gephardt

October 1, 1998

The Honorable Bob Livingston
Chairman
House Appropriations Committee
United States House of Representatives
Washington, D.C. 20515

The Honorable David R. Obey
Ranking Member
House Appropriations Committee
United States House of Representatives
Washington, D.C. 20515

Dear Chairman Livingston and Representative Obey:

The nation's Governors are greatly concerned that once again Congress is proposing cuts in mandatory spending programs including welfare and Medicaid. A proposal circulating in the House would cut unspecified "welfare spending," Title XX/Social Services Block Grant (SSBG) and Medicaid administrative funds. We strongly oppose these cuts which would have a devastating impact on states' ability to serve their most vulnerable populations. Further, we view these cuts as a serious breach of the 1996 welfare reform agreement.

Earlier this year, following the debate on the House budget resolution, the House leadership gave us a commitment that the five years of guaranteed funding for the Temporary Assistance for Needy Families (TANF), as agreed to in the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA), would be protected. We urge you to stand by that commitment and work to preserve the integrity of the entire welfare agreement, which includes many programs in addition to TANF.

The trend of declining caseloads throughout the nation does not justify breaking the 1996 agreement carefully crafted among Governors, Congress and the administration. In many states, those remaining on welfare are considered the "hardest to serve"—those who require additional resources to help them transition into work. In addition, many states are investing in the future by creating "rainy day funds" to help prepare for an economic downturn.

Since the passage of PRWORA, Governors have repeatedly been put in a position of fighting cuts in SSBG. In 1996, within the greater context of welfare reform, Governors reluctantly agreed to a 15 percent reduction in SSBG as part of PRWORA with the understanding that the funding would be guaranteed at $2.38 billion for five years. However, in each subsequent year, Congress has cut funding for the program. Governors greatly value the flexibility of SSBG, which provides a broad range of social service programs to low income individuals, including children, the elderly and the disabled. Already this year, Congress has cut future funding for SSBG, through the transportation authorization (TEA21), to $1.7 billion. In addition, state flexibility is being threatened by restrictions on states' ability to transfer TANF funds to SSBG. Further funding cuts and restrictions on transferability would greatly undermine the continued implementation of welfare reform. In many cases, SSBG helps provide the support services needed to help individuals move from welfare to work and to prevent individuals from moving onto the welfare rolls.

The proposed mandatory offsets package also includes a cut in administrative funds for Medicaid. The nation's Governors are strongly opposed to proposals that would result in an arbitrary or one-sided reduction of Medicaid administrative funding, whether through a complex cost allocation methodology such as that in the Agricultural Research Act (P.L. 105-185) or a cut in the administrative match rate from 50 percent to 47 percent as proposed by the administration's FY 1999 budget. Cuts in Medicaid administrative funds would undermine the longstanding partnership of responsibility between federal and state governments for providing high-quality services to families in need. Such cuts would have a real and devastating impact on children's health outreach, fraud and abuse prevention and detection, and eligibility processing. Medicaid has already made an enormous contribution to budgetary savings through controlled program growth rates and through reforms enacted last year as part of the Balanced Budget Act.

Already this year Congress cut federal administrative support for another vital human service program -- food stamps-- through P.L. 105-185. Throughout the debate on this issue, the Governors expressed willingness to work with Congress and the administration to address cost allocation concerns. We maintain that a fair and reasonable approach could be developed to address any remaining concerns regarding the cost allocation practices with respect to Medicaid. However, simply applying the methodology enacted in the Agricultural Research Act to Medicaid would unfairly punish the states. With a cut in the federal administrative funds *and* the prohibition on the use of TANF or maintenance-of-effort (MOE) funds to offset the cut, as in P.L. 105185, the federal reimbursement for these shared administrative costs would essentially be eliminated. States will be forced to make up the loss with general revenue funds. Such a provision goes far beyond addressing the original cost allocation concerns raised by Congress and the administration and clearly constitutes an unfunded mandate.

Vital human service programs have repeatedly been the target of budget cuts throughout this Congress. We ask in the strongest terms possible that you take consideration of cuts in welfare and Medicaid programs off the table once and for all. There is no good justification for breaking federal commitments to fund programs that serve our neediest citizens.

Sincerely,

Tom Carper
Governor Thomas R. Carper

Michael O Leavitt
Governor Michael O. Leavitt

Lawton Chiles
Governor Lawton Chiles

Frank O'Bannon
Governor Frank O'Bannon

Tommy G. Thompson
Governor Tommy G. Thompson

cc: Senate Majority Leader Trent Lott, Ranking Member Thomas Daschle
President William J. Clinton
The Honorable Donna E. Shalala

National Governors' Association
National Conference of State Legislatures
American Public Human Services Association

September 17, 1998

The Honorable Trent Lott
Majority Leader
United States Senate
Washington, D.C. 20510

Dear Majority Leader:

On behalf of organizations representing state and local officials, we urge you to reject any cuts in funding, or restrictions on flexibility, for the Title XX/Social Services Block Grant (SSBG). SSBG provides valuable social services to needy populations in our states and has unjustly become the target of budget cuts in Congress and the administration.

SSBG is a key component of the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), an agreement forged among states, Congress, and the administration. As part of this agreement, states reluctantly accepted a 15 percent reduction in the authorization level for the SSBG within the broader context of welfare reform. This reduction resulted in a $3.5 billion cut to states. However, we believe that any additional cuts to SSBG are contrary to the welfare reform agreement. Moreover, because SSBG is authorized as an entitlement program, we believe that action to reduce the SSBG should only be made after deliberation and careful consideration by the authorizing committees. Already this year, future funding has been cut for SSBG through the transportation authorization legislation (TEA21).

PRWORA included a provision that allows states to transfer up to 10 percent of their Temporary Assistance for Needy Families (TANF) block grant into SSBG. States strongly support the ability to transfer these funds and are deeply concerned that Congress is now reneging on the welfare agreement by restricting this flexibility. As part of TEA21, states will be limited to transfer only 4.25 percent of their TANF block grant into SSBG beginning in FY 2001. As caseloads continue to drop, support services such as those provided through SSBG are crucial in moving individuals from welfare to work and in preventing them from moving back into welfare.

The FY 1999 Labor, Health and Human Services appropriations bills currently moving through Congress 1) cut funding for SSBG below its authorized level, and 2) limit the amount states can transfer from TANF to SSBG to no more than the amount that was transferred in FY 1998. As organizations that care deeply about providing social services to the needy populations throughout the nation, we strongly urge you to maintain SSBG funding at its current authorized level of $2.38 billion and reject any provision that would limit the amount states can transfer from TANF into SSBG.

Just two years after the enactment of PRWORA, the integrity of the welfare reform agreement is threatened with repeated attacks by Congress and the administration. We're keeping our end of the deal. We urge you to do the same and work to protect SSBG.

Sincerely,

Raymond C. Scheppach
Executive Director
National Governors' Association

Carl Tubbesing
Deputy Executive Director
National Conference of State Legislatures

William Waldman
Executive Director
American Public Human Services Association