



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

March 29, 2004
(Senate)

STATEMENT OF ADMINISTRATION POLICY

H.R. 4 - Personal Responsibility and Individual Development for Everyone (PRIDE) Act

(Rep. Pryce (R) OH and 21 cosponsors)

The Administration supports prompt Senate passage of H.R. 4, as amended by the Senate Finance Committee, and opposes unrelated amendments that could slow down Senate consideration of the legislation. The PRIDE Act will build on the success of the 1996 welfare reform law in moving our Nation's most vulnerable families from dependence on welfare to the dignity of work and independence. The Senate legislation embodies many of the provisions of the President's plan to strengthen welfare reform.

The Administration supports the Senate's efforts to enhance the opportunities for our children and strengthen programs that will empower families to achieve self-sufficiency through work. The Administration is committed to working with both the House and Senate to ensure the legislation moves quickly through the process and is consistent with the President's Budget.

The Senate legislation will help us move forward in meeting our goals for increased success for America's neediest families while maintaining fiscal discipline. The bill would reauthorize the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, including the Temporary Assistance for Needy Families (TANF) block grant program, which provides funding to States for aid to low-income families with children. The Administration supports the provisions of the PRIDE bill that incorporate many of the components of the President's proposals to: (1) maximize self-sufficiency through work, job-training, and education; (2) promote child well-being and healthy marriages; (3) encourage abstinence and prevent teen pregnancy; (4) enhance child support enforcement; (5) improve TANF program performance by States; and (6) facilitate the integration of public assistance and training programs through laying the groundwork for broadened demonstration authority to States.

The Administration supports expansion of the charitable choice provisions originally applied to TANF as part of the 1996 welfare reform law. These provisions have placed faith-based organizations on an equal footing with secular organizations in competing to provide services that are funded by TANF, while protecting the rights of program beneficiaries. The Administration believes that such provisions should be applied to all federally funded social service programs, so that America's "armies of compassion" may be mobilized to feed the hungry, house the homeless, provide care to children and the elderly, and provide mentoring and training to those who are unable to support themselves and their families. The civil rights of faith-based organizations must be preserved, including the hiring autonomy that they have enjoyed for over three decades. The record since 1996, when charitable choice provisions were first applied to TANF, shows that the protections in place work.

In considering this legislation, the Administration would strongly oppose any amendment that increases funding for the Child Care and Development Fund. Because TANF funding is

continued at its current high level despite caseloads being cut by more than half, substantial amounts of TANF funds have been freed up for child care and other work supports. In addition, funding under the Child Care and Development Fund has increased dramatically. In 2005, States will spend an estimated \$11.6 billion for child care from State and Federal child care and TANF funding streams, more than three times the level in 1996. While some funds provide child care for families not receiving TANF assistance, States now have far greater capacity to meet the challenge of welfare reform than they did in 1996, therefore increases to the Child Care and Development Fund are not needed.

The Administration also opposes any attempt to eliminate the modest program integration demonstration provision in H.R. 4. The 10-State demonstration program lays the groundwork for States to begin to integrate services across Federal programs and reduce the burdensome administrative provisions that make it harder to help families become self-sufficient. Easing Federal administrative burdens on States could yield considerable efficiencies.

Budget Estimates and Enforcement

This bill would affect direct spending. It is critical to exercise responsible restraint over Federal spending, and the Administration looks forward to working with Congress to control the cost of this bill. The Budget Enforcement Act's pay-as-you-go requirements and discretionary spending caps expired on September 30, 2002. The President's FY 2005 Budget includes a proposal to extend the discretionary caps through 2009, a pay-as-you-go rule that would require spending offsets for direct spending increases, and a new mechanism to control the expansion of long-term unfunded obligations. OMB's cost estimate of this bill currently is under development.

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