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The Implications of Federal Welfare Reform for Florida State and Local Governments

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Introduction

Notwithstanding one's support of or objection to the Republican-controlled Congress's welfare reform bill, President Clinton's August 22, 1996 of a new law that dramatically reforms aid to (cash for) families with dependent children (AFDC) and limits selected Federal benefits for most legal residents without U.S. citizenship is problematic for state and local governments because both intended changes and unintended consequences can be expected but only the former are going to be addressed ex ante. To delineate intended changes, one (we) must understand how the new law (The Responsibility and Work Opportunity Reconciliation Act of 1996 - H.R. 3734) revises social service programs.

National polls have indicated overwhelming support for welfare reform for more than a decade. The first "crack in the dike" occurred in 1988 when Senator Daniel P. Moynihan (D-NY) led the effort for state experimentation with welfare reform culminating in legislation (Family Support Act) authorizing the president to approve such experiments with AFDC, Medicaid, etc. Insofar as both the Bush and Clinton administrations were hesitant to grant broad permission for state experimentation (*e.g.*, the GAO reports 31 approvals during 1992-95 with 23 time limits, 24 work requirements, etc.), the new Republican-controlled Congress in 1995 perceived a mandate from its November, 1994 election to proceed *post haste* with comprehensive welfare reform.

Unfortunately, only a few states have experimented with welfare reform for more than two years. Some states (including Florida) have enacted welfare reform legislation in anticipation of Congressional action thereon. Nonetheless, the transition from Federal to state control of AFDC (i.e., cash assistance to needy families) raises more questions than it answers at this early stage of reform. Many of the 40+ states with experimental or pilot programs may continue with those programs until the new law is "fixed." Even Rep. E. Clay Shaw (R-FL), the principal author of the welfare reform bill, has acknowledged that technical corrections will be necessary in the next Congress, *e.g.*, when is self-employment in a home-based business work for purposes of continuing welfare benefits?

To facilitate understanding of Federal welfare reform in the Florida environment, both tabular and descriptive commentary thereon follows. Table 1 provides an overview of the current social service program structure, while Table 2 is a summary of the new Federal law. Table 3 delineates the revised social service program structure, including several issues incident to increased state and local government participation in providing social services. Finally, Table 4 is a summary of Florida's preemptory welfare reform program, which was enacted during the 1996 legislative session as a bi-partisan effort.

No doubt any welfare reform legislation is destined to fail without cost-effective implementation. Florida is in a position to lead the nation on welfare reform, rather than "bring up to the rear" as it does in respect to so many other aspects of quality-of-life measurement. The State continues to be a magnet for Americans and immigrants pursuing their vision of the American dream. To ensure successful implementation of welfare reform will require state and local intergovernmental cooperation along with private sector support and intra-state government coordination between the various department, *i.e.*, Health and Rehabilitative Services (HRS), Revenue, Labor, *et al.*, affected by welfare reform. One should note that HRS was subdivided into two agencies—the Department of Children and Family Services (DCFS) and Department of Health—on October 1, 1996.

Current Social Service Programs

There is a variety of social service programs available to those residing in the state of Florida (or any other state). Almost all of these programs are intergovernmental because legal qualification standards, administration, funding, etc. are shared among the Federal, state and local governments. Perhaps the SSI (Supplemental Security Income) program is the only major social service program that involves the least state and local government participation inasmuch as it is administered by the Social Security Administration through its local offices in major metropolitan areas, although state social service agencies facilitate eligibility. It is noteworthy that neither Social Security retirement income, nor Medicare, benefits are delineated as social service programs insofar as most U.S. resident persons 65 years of age or older qualify for both programs either because they worked and paid FICA (Social Security) taxes or because they are entitled to survivor's benefits from their deceased spouse who worked and paid FICA taxes.

As noted, Table 1 summarizes the important features of the current social service programs. Legal requirements and funding are dominated by the Federal government, while states and localities share in funding and monopolize the administration of social service programs. Nonetheless, the table omits numerous specific (categorical) Federal grant programs that provide subsidies for social services administered by state and/or local government agencies or by private sector nonprofit organizations.

Table 1
Current Social Service Programs

Social Service	Legal Requirements	Administration	Funding of Cash, Coupons or Reimbursements	Funding of Administration and/or Operations
AFDC	Federal	State	Federal/State	State/Federal[1]
Food Stamps	Federal	State	Federal	State/Federal[1]
Housing:				
Public	Federal	Local	N.A.	Federal/Local
Rental	Federal	Federal	Federal	N.A.
Medicaid	Federal	State[2]	Federal/State	Federal/State
Supplemental Security Income (SSI)	*Federal:* Disability and Old Age	*Federal:* Social Security Administration[3]	*Federal:* Social Security Trust Funds	*Federal:* General Revenue Fund
Job Training and Placement and Education	Not applicable (N.A.), *i.e.*, not mandatory[4]	Federal/State	Federal/State[4]	Federal, State and local governments
Child Care	Federal[5]	*Various:* proprietary entities, nonprofits and public schools	Federal/State	State

1. The Federal government partially reimburses the states for the cost of administering the AFDC program and the Food Stamp program.
2. Some states (including Florida) have outsourced Medicaid through contracting with private sector managed-care organizations. In Florida, both Medicaid and workers' compensation are outsourced.
3. State social service agencies facilitate determination of eligibility for SSI as a result of their case evaluations.
4. Project Independence funds a program of job training (including remedial education) for a selected number of individuals on public assistance, *i.e.*, the AFDC JOBS (Job Opportunities and Basic Skills) program, available since enactment of 1988 Family Support Act.
5. The Head Start program is not included because it is a Federally-funded early childhood education program available only for pre-kindergarten ages 3 and older.

Note: Neither Social Security retirement income benefits nor Medicare benefits are included because almost all retirees 65 and older are eligible so these two programs are not considered social services, although few retirees have paid enough in FICA taxes to cover their total lifetime benefits cost.

Table 2
1996 Federal Welfare Reform Law

Temporary Assistance to Needy Families (TANF)	a. States are given broad discretion in designing and management of a temporary cash assistance program. b. States receive a predetermined block grant; and states must match with at least 80 percent of their expenditures for the predetermined period.[1] c. Block grant may be increased for states with high unemployment or significant population increases. d. States are only allowed to use Federal funds for five years of cash benefits, but further benefits can be paid *with state funds only* after five years. e. States should limit continuous cash benefits to two years, and each recipient must agree to begin working or to be engaged in "work-related" activities, such as job training, during the two years, where work must amount to 20 hours/week. f. States are allowed to deny cash benefits to unwed mothers under ages 18.[2] g. States can receive additional Federal funds for reducing their illegitimacy rate and can lose Federal funds if at least half of all single parents receiving cash benefits are not working or in "work-related" activities by the year 2002. h. States are required to reduce cash benefits for those receiving such benefits who refuse to work or to engage in "work-related" activities. i. States must establish their cash assistance program by July 1, 1997.
Food Stamps	a. Amount of Federal aid reduced from about 80 to 66 cents per meal/person. b. Legal resident, noncitizens are ineligible unless they have worked in the U.S. for at least 10 years, are U.S. military veterans, are over age 75, or are political refugees. c. To continue benefits, recipients who are able-bodied and have no dependents must work at least 20 hours per week after receiving such benefits for three months in a three-year period.
Supplemental Security Income (SSI) and Medicaid	a. Legal resident, noncitizens are ineligible for SSI unless they have worked in the U.S. for at least 10 years, are U.S. military veterans, are over age 75, or are political refugees; and new legal noncitizens excludable from Medicaid. b. More stringent requirements apply for determining (diagnosing) disabled children who qualify for benefits, and children with behavioral (psychological) problems generally do not qualify.

1. The predetermined block grant is computed based on average Federal AFDC payments to a state over the three fiscal years preceding 1995, or the highest AFDC FY 1994 or 1995.
2. Recipients of cash benefits must cooperate in identifying the father, and states must suspend the driver's license of anyone who owes child support. Federal and state registries are to be created to monitor the child support payment delinquency status of each "deadbeat" parent.

Revised Social Service Programs

Table 3 is a revision of Table 1 based primarily on the summary of the welfare reform law in Table 2. The change from a Federal AFDC entitlement program partially funded and primarily administered by the states to a Federally-subsidized temporary financial assistance program for poor single-parents designed, administered and partially funded by states to facilitate independent living after remedial education, job training and/or job placement are provided must take effect in all states by July 1, 1997, but may take effect as early as October 1, 1996 (FY 1997).

Child care funding may be the first problem because insufficient Federal funds must be supplemented by state and/or local funds, and it is unclear how many states and localities will be willing and able to expend more funds. What will happen to the children of those single-parents who can not hold a job or are laid off during an economic recession and have exhausted their welfare benefits temporarily or permanently will be deferred for two years or more because Federal standards and funding guarantees should ensure two years of transition for current benefit recipients who number fewer now than on average in the prior four years. Perhaps increased funding for homeless shelters will be necessary to address both the indigent single-parent families and the legal noncitizen residents who may be casualties of the welfare reform law. Nonetheless, extended families will absorb some related children and elderly relatives, while foster care programs and adoption may also rise to absorb other children of single-parent families. Without a necessary to address both the indigent single-parent families and the legal noncitizen residents who may be casualties of the welfare reform law. Nonetheless, extended families will absorb some related children and elderly relatives, while foster care programs and adoption may also rise to absorb other children of single-parent families. Without a Federal source of funds or much more state funding, local money and volunteers will be necessary if local governments and non-profit charitable organizations (welfare and religious) are to fill the void.

In reviewing Table 2, one should note that, as a result of welfare reform, no change in public housing programs is to occur, while Medicaid may only be denied to future legal residents and non citizens. Also, Food Stamp funding is reduced only on a per meal per person basis and qualifying requirements for Food Stamps are now more stringent (*i.e.,* denied to legal resident non citizens and to able-bodied childless singles and couples who do not work). Thus, there may be a small reduction in the growth rate both of Food Stamp expenditures of the Federal Department of Agriculture and Medicaid expenditures of HHS, but public housing funding and the rental assistance programs of the HUD are not directly affected by welfare reform.

There may be an indirect effect insofar as more than 60 percent of AFDC households live in public housing, and more than 20 percent of AFDC households live in public or rent-subsidized housing. Unfortunately, there are long waiting lists for both types of housing. An AFDC recipient's cash assistance is increased to pay for low-income rental housing if the recipient and her child(ren) can not arrange to live in free public housing. Rent-subsidized housing and other low-income housing requires more cash assistance.

Table 3
Revised Social Service Programs

Social Service	Legal Requirements	Administration	Funding of Cash, Coupons or Reimbursement	Funding of Adminis-tration and/or Operations	Comments: Issues, Limitations, etc.
TANF	State (Federal)[1]	State	Federal/State	State	Federal administrative costs (AC) and partial reimbursement of state AC?
Food Stamps	Federal[1]	State	Federal	State/Federal	Continued Federal partial reimbursement for state AC? Legal resident eligibility?
Housing: Public	Federal	Local	N.A.	Federal/Local	Federal partial reimbursement for local AC and rent vouchers continue to diminish?
Rental	Federal	Federal	Federal	N.A.	
Medicaid	Federal/State	State[2]	Federal/State	Federal/State	States have the authority to exclude new legal, noncitizens, but when are working single parents ineligible?

Table 3 (Continued)

Social Service	Legal Requirements	Administration	Funding of Cash, Coupons or Reimbursement	Funding of Adminis-tration and/or Operations	Comments: Issues, Limitations, etc.
Supple-mental Security Income (SSI)	Federal:[1] Disability and Old Age	Federal: Social Security Administration[3]	Federal: Social Security Trust Fund	Federal: General Revenue Fund	Many legal residents and some disabled children no longer qualify for SSI.
Job Training and Place-ment and Education	State (Federal[1]), *i.e.*, mandatory	State	Federal/State	Federal, State and local governments	Matching jobs and skills is difficult during good economic periods, but during recessions? Holding a job may be problematic.
Child Care	State (Federal[1])[4]	Various: proprietary or nonprofit entities and public schools	Federal/State	State	Federal funding for expanding benefits is insufficient, but will states make up the difference?

1. See Table 2 for details of revisions.
2. Some states (including Florida) have outsourced Medicaid through contracting with private sector managed-care organizations. In Florida, both Medicaid and workers' compensation are outsourced.
3. State social service agencies facilitate determination of eligibility for SSI as a result of their case evaluations.
4. The Head Start program is not included because it is an early childhood education program available only for pre-kindergarten ages 3 and older.

While the lists for public housing may shorten if welfare reform is successful in significantly reducing the number of TANF (formerly AFDC) households, such lists for rental-assistance housing should lengthen because more low-income households would demand housing that only costs 30 percent of income. These low-income housing trends assume no change in the total supply of public and rental-assisted housing over the next few hears, as well as a reduction of TANF households because most single-parents on welfare are able within two years to find and hold employment. HUD's funding of rental subsidies should not change much either.

Three other changes in Federal law are relevant to welfare reform. The minimum wage has been increased in two steps, the jobs income tax credit resurrected, and the Federal government's negative income tax—the earned income credit or EIC—has been increased in amount. Since 1991, the minimum wage has been $4.25. Under the 1996 Small Business Jobs Protection Act (SBJPA), signed by President Clinton on August 20, 1996, the minimum wage was increased to $4.75 on October 1, 1996 and will be increased to $5.15 on September 1, 1997. Some economists argue that increasing the minimum wage will reduce the number of new, unskilled entry-level jobs in the future. If that occurs, the minimum wage increase would make welfare reform more difficult to accomplish.

On the other hand, the 1996 Federal minimum wage law (SBJPA) resurrects a modified version of the targeted jobs tax credit, which is renamed the work opportunity tax credit and applies to employment beginning after September 30, 1996 and before October 1, 1997, to mitigate the higher cost of unskilled entry-level labor. The tax credit lowers the employer's income tax for each new former welfare-recipient employee hired between September 30, 1996 and October 1, 1997, at a rate of 35 percent per $1 of wages up to $6000 wages per employee during the first year of employment, *i.e.*, up to a $2100 tax credit.

There is also a requirement that the employee work for the employer at least 180 days (or 400 hours of service). For example, if a single mother AFDC (TANF) recipient were hired for $4.75 per hour on October 1, 1996 and worked for one year at 40 hours per week, she would earn $9910, but her employment would cost her employer only $7810 ($9910-$2100 credit), ignoring employment taxes (employer FICA and unemployment). The second year of employment would cost $10,712, ignoring employment taxes, because the minimum wage, which increased on September 1, 1997, of $5.15 would apply to the whole second year (October 1, 1997 to September 30, 1998), and there would be no more work opportunity tax credit applicable to the employee.

From the former welfare recipient employee's perspective, the $9910 earned in the first year of employment must be adjusted for both the FICA tax and EIC. The $9110 is reduced to $9151 when the 7.65 percent employee share of FICA is deducted. Conversely, the EIC increases that $9151 to about $11,200 because the amount of EIC for a one-child household would be around $2275 for 1996, and the income tax would be about $226 (*i.e.*, $9151 + ($2275-226)). In fact, the employee could file a Form W-5 (Earned Income Credit Advance Payment Certificate) through her employer with the IRS to avoid income tax withholding and receive a portion of the EIC with each paycheck. Finally, any tax refund incident to the EIC is not used in determining eligibility for AFDC (TANF), Food Stamps, SSI, Medicaid or low-income housing.

Florida's Welfare Reform Program

In anticipation of Federal welfare reform legislation, the 1996 Florida Legislature in cooperation with Governor Lawton Chiles enacted the WAGES (Work and Gain Economic Self-Sufficiency) law in May of that year. The WAGES program, which is summarized in Table 4, reflects the experience derived from the State's two-year-old pilot program, which was authorized under a 1988 Federal law, in Alachua County (Gainesville) and Escambia County (Pensacola). This experimental "family transition program" was not totally successful because some single parents exhausted their benefits before finding permanent employment. In fact, Alachua's exceptionally low unemployment rate (2.9% - July, 1996), which may be due to too many college students working part-time, explains the scarcity of entry-level unskilled jobs during the pilot program period.

In principle, the largest one year (1994 or 1995) or average (1992-94) number of single parents on AFDC during Federal FYs 1992-95 determines the basic block grant for Florida's WAGES program. Because of Florida's rapid population growth over that 1992-95 period, our block grant should have been "sweetened" to some extent, but any "substantial increase" in the number of single parents qualifying for the WAGES program in the future does not result in a commensurate increase in the Federal block grant to Florida for such family financial assistance unless that increase is caused by a dramatic State population, unemployment, or poverty-level increase. A "substantial increase" can be expected in the next economic recession in 1997, 1998 or later. As noted, homeless shelters and extended family arrangements may be the respective public and private responses for those unemployed single parents who have exhausted their benefits under the WAGES program, which also may have to reduce per family benefits when the program's rolls swell during the next recession. In fact, some single parents may have to give custody of their children to state administered foster care when their TANF benefits are exhausted and they have no employment income.

Florida (and many other states) will be implementing its welfare reform (WAGES) program at a time when the AFDC recipient numbers are declining in large measure because Florida is creating more jobs than any other state (except perhaps Texas). In August, 1996, AFDC recipient families in Florida number about 200,000, which is down from 220,000 in March, 1996, without about 500,000 relying on the program. The AFDC rolls were even higher before 1996, but the combined Federal-State funding has been insufficient to maintain the *real* value of cash benefits insofar as per family increases have been less than the rate of inflation. Without free public or subsidized rental housing, Food Stamps and Medicaid (including (WIC) Women, Infants and Children), AFDC has been insufficient for a single mother and her pre-school, pre-Head Start child to live on in Florida in the long run unless she receives assistance from her extended family and/or friends. Head Start and public school children would also benefit from free or low-cost breakfasts and lunches through a Federally-funded, school district-administered program.

The WAGES program is designed to end the cycle of dependency. Its essence is the adoption of the Federally-mandated two-year initial limit on cash assistance benefits for able-bodied single-parents along with the work and/or education-job training requirement. In addition, "sweeteners" under WAGES include financial assistance for public transportation, uniforms, tools and child care. That is, the State may pay the aforementioned work-related expenses although TANF payments are being reduced.

The WAGES law (and 1996 Federal laws) includes incentives for private sector employers who train and/or hire single parents receiving financial assistance under the WAGES program. The State offers tax incentives and/or salary subsidies to private sector organizations who employ WAGES welfare recipients. During July, August, and September 1996 over 1750 employers have enrolled in the Florida Department of Labor's registry of organizations that will hire WAGES participants. In September or October, 1996, two departments—HRS (DCFS) and Labor—should be establishing "one-stop" offices in many HRS locations throughout the State to evaluate current welfare recipients for job placement, job training and/or remedial education (or, if necessary, for treatment of drug, medical or psychological problems in anticipation of work or education participation).

Ironically, Florida's reputation (merited or not) for creating too many entry-level, unskilled jobs may facilitate implementation of the WAGES program so long as the economy continues to grow. In most Florida urban areas, Labor projects double-digit growth for the next 10 years in jobs not requiring much more than a GED or high school diploma. For example, such job growth is expected in food preparation workers, housekeepers, stock clerks, cashiers, janitors, security guards and telemarketers in southeast Florida, southwest Florida, Tampa Bay, Orlando and Jacksonville. Nonetheless, economic recessions would interfere with such job growth for several months at a time, but those employed long enough to qualify for unemployment compensation for up to six months would also be eligible for Food Stamps and Medicaid at a time when they may still live in public housing or rent-subsidized housing. No doubt an extended economic recession will result in increased demands on local homeless shelters and food kitchens as well as on extended families and state foster care services. Such demands may peak during the winter months, especially in central and northern Florida.

<u>Summary and Conclusions</u>

When President Clinton signed the welfare reform law on August 22, 1996, a more-than-60-year Federal entitlement to cash assistance for poor one-parent households ended. It began as a temporary cash assistance program for needy single parents during an economic depression at a time when cultural values discouraged recipients from relying on public welfare if they could otherwise earn enough to support themselves and their child(ren). To the body politic, recurring stories of welfare program fraud and abuse over the past two decades coupled with the struggle of most families to feed, shelter, cloth and educate their children justified imposing limits on welfare because the erosion of cultural values meant there was no longer a self-imposed limitation.

Less than 10 years after Congress and President Reagan authorized state experimentation with welfare program reform, a dramatic change has been set in motion without a real understanding of the transitional and long-term effects on welfare recipients (participants) or state and local governments (social service providers). Supporters and opponents both agree it is a grand experiment and technical corrections will be necessary in the next Congress, which may be changed by the November, 1996 election. Already, several states are deferring implementation and asking the President for waivers while continuing to expand their experimental programs under the 1988 law. Unless the Democrats gain control of both the House and Senate and enact legislation which repeals welfare reform, only fine tuning of the Temporary Assistance for Needy Families (TANF) program should occur.

Table 4
Florida's Welfare Reform Program[1]

Social Service Program	Description of Element
Work and Gain Economic Self-Sufficiency (WAGES)	a. Participants cannot receive more than two years of cash benefits over five years.[2] b. Recipients are required to work or enroll in job training and/or remedial education if they lack a high school diploma.[3] c. Up to 10 percent of recipients (caseload) may qualify for hardship and may receive an additional year of benefits.[4] d. Recipients can receive an additional two years of cash benefits after five years have elapsed from the date the recipient first received cash benefits. e. Recipients who will not work or enroll in job training and/or remedial education or whose children do not attend school regularly may have their benefits reduced or terminated.
Additional Financial Assistance	a. The State may pay for or provide job training and/or remedial education if it is not available for free in the public schools. b. The State may pay for public transportation, work uniforms, and/or the work tools necessary for holding a job while receiving cash benefits. c. The State may pay for child care (to the extent that Federal and State funds are available) to enable a recipient to work and/or to participate in a job training or remedial education program for up to 2 years after taking a job.

1. The program is to be implemented by October 1, 1996, which is the beginning of the Federal government's 1997 fiscal year.
2. Elderly, disabled and caretaker relatives of children who receive AFDC (TANF) are exempt from *both* time limit and work requirement.
3. Work includes community service jobs.
4. Hardship situations involve an at-risk child (or children) or long-term recipients with poor skills or limited education. Ten percent increases to 15 in the second year and 20 in the third, *et al.*

Basing WAGES (Florida's response to Federal welfare reform law) on the results of the State's two-year pilot programs in Alachua and Escambia counties could be problematic because neither county is representative of the counties in Florida's major metropolitan areas where the overwhelming majority of Florida's AFDC recipients live (*i.e.*, Miami-Hialeah/Dade, Fort Lauderdale-Hollywood/Broward, Boca Raton-West Palm Beach/Palm Beach, Tampa/Hillsborough, Clearwater-St. Petersburg/Pinellas, Jacksonville/Duval, and Orlando/Orange). Other states that have experimented with welfare reform under the 1988 Family Support Act have little or no more experience than Florida although some may have conducted their pilot programs in metro areas. Perhaps the best source of data on intra-state welfare reform pilot programs in urban and suburban areas can be found in an experimental program authorized specifically for California before 1988.

California's GAIN (Greater Avenues for Independence) program was initiated after the California Legislature enacted a major welfare reform law in 1986. Thus, California has had over nine years of experience with several designs for a welfare-to-work program where each design was limited to an urban or suburban county. The issue raised in evaluating the results of California's six-county pilot programs is whether the welfare recipient should be encouraged to participate in (1) job search programs or (2) education and training (Manpower Demonstration Research Corporation, September, 1994). That is, is it more cost-effective for the state to focus on (1) finding a job for the welfare recipient or (2) completing the secondary education and/or improving the employment skills through post-secondary education for the welfare recipient? Insofar as the Federal welfare reform law allows each state a great deal of discretion in designing its welfare-to-work program, DCFS (HRS), its district directors and legislators (and their staff) with a responsibility for welfare program policy should monitor the WAGES program with both the perspective of California's experience and the recognition that Florida is subdivided into several distinct regions (*Miami Herald*, September 16-20, 1996). From a strategic planning perspective, perhaps job placement should be emphasized during good times, whereas job training and education should be stressed during recessions.

There is not much doubt that within two years the State through its Department of Children and Family Services (DCFS, but formerly HRS) will begin terminating cash assistance for single-parent families on TANF. Local governments—counties and municipalities—in cooperation with private sector not-for-profit, tax-deductible charitable (welfare and religious) social service organizations should begin now to work on contingency plans in cooperation with the 15 DCFS district administrators and board members for each district. Immediately, each county's economic development community and school district administration need to develop a plan that rationalizes the state Department of Labor's county job forecasts with educational and training opportunities therein so welfare recipients have a chance to find and qualify for a job in competition with all the other persons seeking employment. No doubt cost savings for the Federal and State government will eventually become increased costs for local government and local private sector religious and welfare (social service) organizations—there ain't no such thing as a free lunch. In the words of Sen. Moynihan, "I wonder if the nation is ready for the profound social change that this legislation will set in motion." (*New York Times*, August 2, 1996).

Finally, the implications of denying SSI, Food Stamps, etc. to legal residents who are not citizens are skewed. That is, southeast Florida and other metropolitan areas in Florida will suffer because most immigrants live in metro areas, but many legal residents who qualify for naturalization will become U.S. citizens during 1996. In southeast Florida, over 100,000 legal residents were naturalized (*i.e.*, became U.S. citizens) during FY 1996 (October 1, 1995 - September 30, 1996). No doubt the threat of losing U.S. government benefits has, and will continue to, encouraged many legal residents to become U.S. citizens (*Miami Herald*, September 9, 1996). While this naturalization surge should reduce the burden of welfare reform on the State and local governments incident to denial of benefits for legal residents, it does not mitigate the existing fiscal burden on school districts, some State agencies and other local governments to assimilate immigrant families—legal and illegal.

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About Florida TaxWatch

Florida TaxWatch is the only statewide organization entirely devoted to protecting and promoting the political and economic freedoms of Floridians as well as the economic prosperity of our state. Since its inception in 1979, Florida TaxWatch has become widely recognized as the watchdog of citizens' hard-earned tax dollars. In recent years, news stories about Florida TaxWatch have run in all Florida newspapers, *The Wall Street Journal*, *The New York Times* and *The Washington Post*. In addition, Florida TaxWatch has been featured on the prestigious *MacNeil/Lehrer Newshour* and several times in *The Wall Street Journal*.

Florida TaxWatch is a private, non-profit, non-partisan research institute supported entirely by voluntary, tax-deductible membership contributions and philanthropic foundation grants. Membership is open to any organization or individual interested in helping to make Florida competitive, healthy and economically prosperous by supporting a credible research effort that promotes constructive taxpayer improvements. Members, through their loyal support, help Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves.

Florida TaxWatch is supported by all types of taxpayers -- homeowners, small businesses, corporations, professional firms, labor unions, associations, individuals and philanthropic foundations -- representing a wide spectrum of Florida's citizens.

Florida TaxWatch's empirically sound research products recommend productivity enhancements and explain statewide impact of economic and tax and spend policies and practices. Without lobbying, Florida TaxWatch has worked diligently and effectively to build government efficiency and promote responsible, cost-effective improvements that add value and benefit taxpayers. This diligence has yielded impressive results: through the years, three-fourths of TaxWatch's cost-saving recommendations have been implemented, saving taxpayers over $3 billion. That translates to approximately $525 in added value for every Florida family.

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