

would be eligible to receive medical assistance and food stamps. The family cap would have applied to every welfare recipient in the State.

I included the family cap in my welfare reform proposal because I was convinced that the measure was necessary to encourage families to make the difficult transition from welfare to work. The family cap would encourage AFDC recipients to take responsibility for their families and make healthy choices that would enhance their ability to enter the job market and achieve self-sufficiency. While recipients would still have the complete freedom of choice, the family cap would send a clear message that recipients would not receive additional State support for unhealthy choices that lead to greater dependency.

Secondly, I believe that meaningful welfare reform must put welfare recipients and the working poor on a level playing field by reducing incentives to stay on welfare. The family cap would establish an environment similar to the world of work, where families do not get pay raises when they have additional children. Again, this would encourage responsibility for family planning.

Finally, the family cap would have allowed the welfare reform pilot program to achieve the revenue neutrality required for federal waivers. The savings from the family cap was to help offset costs incurred by repealing the 100 hour work rule, liberalizing asset and income rules, and providing family health classes and welfare avoidance grants. Revenue neutrality is critical because State taxpayers must pay 100% of any additional expenses for welfare reform.

The family cap was not only a priority for my Administration, it was a priority for the citizens of Maryland. It enjoyed widespread popular support from diverse groups such as the General Assembly's Republican Caucus and the Maryland Chapter of the NAACP. More importantly, it enjoyed overwhelming support from average citizens who are frustrated with our expensive welfare system that rewards irresponsible behavior and promotes welfare as a way of life.

As introduced, House Bill 482 was a carefully balanced proposal. It combined additional benefits, to reward positive behavior and encourage two-parent families, with sanctions, to discourage noncompliance and unhealthy lifestyle choices. The Legislature did two things that destroyed this balance: First, it increased benefits by adding provisions that (1) required family planning counseling and services, (2) disregarded the income of a step-parent when determining eligibility for benefits, and (3) extended medicaid benefits for an additional year after a recipient is off welfare. Second, the Legislature reduced sanctions by eliminating the statewide family cap. In essence, House Bill 482 is no longer balanced; it contains too many carrots and too few sticks. It sends the wrong message to welfare recipients—that the State will increase benefits and services and at the same time, continue to reward irresponsible behavior.

Besides being programmatically unbalanced, the Legislative enhancements and elimination of the family cap have made welfare reform prohibitively expensive. The pilot program could cost an additional \$9.3 million over a three year period. I believe these costs make the pilot program too expensive to duplicate statewide. Furthermore, it is unfair to ask the taxpayers to finance a program that will not achieve meaningful welfare reform.