

NLWJC - Kagan

DPC - Box 031 - Folder 016

Ideas - Welfare



Cynthia A. Rice

08/10/98 05:28:01 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Laura Emmett/WHO/EOP
 cc: Andrea Kane/OPD/EOP, Christa Robinson/OPD/EOP
 Subject: Welfare Caseload Announcement

I spoke to Melissa again today. In an effort to positively influence the welfare anniversary stories, she suggested what sounds to me like a good plan:

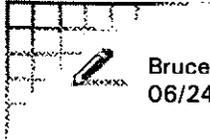
Let MDRC release study on LA GAIN program (partially funded by HHS), which shows that this work first oriented program increased earnings and employment and reduced welfare costs. Based on 1996 data. MDRC will begin briefing reporters Aug. 13th, with Aug. 20th embargo.

August 22nd radio address to a) announce new caseload numbers b) refer to new positive LA study and c) announce \$1.6 million in HHS grants to promote job retention and advancement (would fund a national contractor to provide technical assistance on best practices to all states and would provide planning grants to 13 states). Backup plan: HHS leaks or releases information on 19th or thereafter to get in stories on the 20th or 22nd.

It turns out the 10-12 grants to states to study what happens to those who leave the rolls won't be ready until September, and Melissa suggested we might not want to shine a bright light on them (since we don't know what they'll find). She and I also thought that the CASA grants (HHS will fund substance abuse treatment and job training for welfare recipients in an additional city (the 11th)) was dicey, mainly because Joe Califano is not a welfare reform fan. She thinks Donna should do an announcement with Califano in September, which is "treatment works" month.

Shalala's schedule is difficult in the coming weeks, so Melissa's dropped the idea of getting her together with reporters.

What do you think?



Bruce N. Reed
06/24/98 12:20:37 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:

Subject: Read this version: Ideas/Announcements

----- Forwarded by Bruce N. Reed/OPD/EOP on 06/24/98 12:24 PM -----

Andrea Kane

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Cynthia A. Rice/OPD/EOP, Diana Fortuna/OPD/EOP

cc: Neera Tanden/WHO/EOP

Subject: Read this version: Ideas/Announcements

A few upcoming things that might come in handy:

- **Final rule on child care** -- may be ready 3rd week of July. HHS has asked OMB to try to get it cleared in time for release at the annual meeting of child care administrators (7/27). The rule implements the child care changes in PRWORA, including moving to a consolidated child care fund. Neera and I both need to review the final rule but our understanding is that there are relatively few changes from proposed and it should be pretty clean.
- **APWA meeting 7/19-7/22.** APWA has invited Cuomo to address the connection between housing and welfare reform to try to raise the profile of this issue (which should in turn raise profile of housing vouchers).
- **HHS report to Congress on TANF** -- this is the one that was due 4/1. HHS is close to getting it over here for clearance. We understand that they hope to highlight the increase in work among low income women with children and the increased percentage of prior year welfare recipients working in the following year (this would amplify the 1.7 million estimate that we released on 5/27 and that you thought was worth some attention). Other than this census data, there won't be a lot of new or exciting information in the report. It will not have the TANF participant data that HHS is still slogging through with the states. However, ...
- At some point this summer, we should have **TANF participation rates**. HHS is apparently coming to us in the next 1-2 weeks with some ideas about how to deal with this information once we get it.

Ideas - WJR

Welfare Reform Announcements

1. Welfare reform bonuses to promote work and reduce illegitimacy: We are now nearly ready to announce two new nationwide competitions to promote work and personal responsibility. The first competition will award \$1 billion in bonuses to states that do the best job of placing people into jobs and helping them succeed in the work place. The second will distribute \$100 million a year to states that reduce their "illegitimacy ratio" i.e., the percentage of children born out of wedlock.
2. FICA tax and workfare: Announce before or at the meeting with the National Governors Association a new Treasury ruling that exempts workfare positions from payroll taxes, while maintaining worker protections. States have long sought this ruling to reduce the cost of requiring workfare, and doing so should undermine Republican attempts to eliminate worker protections for these positions.
3. Child support enforcement: Revoke all federal licenses (i.e., pilots, maritime, other) to parents who owe child support and call upon the House to enact the Deadbeat Parents Punishment Act, proposed by the President and passed by the Senate in November, to make it a felony offense to cross states lines to willfully avoid paying child support.
4. New welfare to work grants: Throughout the spring, welfare to work grants -- from the Balanced Budget Act's \$3 billion welfare to work fund -- will be available to announce.
5. Earned income tax credit: Announce a new 1-800 number for employers to get help with the Earned Income Tax Credit, so to help companies retain employees and give them a raise in every pay check.
6. Federal welfare hiring: Announce in April -- one year after the initiative was launched -- new numbers showing that the federal government is on track to hiring 10,000 welfare recipients by the year 2000.
7. Disability executive order: Sign executive order on increasing employment of people with disabilities.
8. Service: Have an event to highlight the expansion of high school service scholars program from 1,700 to 10,000 high schools.

9. Service: Have a bipartisan event to transmit the AmeriCorps reauthorization language.]
10. Food Stamps for legal immigrants: Event to promote budget proposal.

Ideas Under Development

11. Policies to promote fatherhood: Propose, or endorse a possible House proposal, for a block grant to states to encourage fathers to become more actively involved in their children's lives.
12. Policies to assist grandparents: Develop ideas of how to support and assist grandparents who are their grandchildren's primary caregiver.
13. College attendance: Ensure that welfare recipients can attend college while still fulfilling their work requirements.
14. Assets/Savings: Work with agencies to develop proposals to promote savings and IDAs among former welfare recipients.
15. Teen Pregnancy Prevention: Announcements for May.



Cynthia A. Rice

01/14/98 04:22:41 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Christa Robinson/OPD/EOP
cc: Diana Fortuna/OPD/EOP, Andrea Kane/OPD/EOP, Laura Emmett/WHO/EOP
Subject: Here's a list of welfare announcements for scheduling meetings

Here are nine things we could announce at State of the Union/Blair/Chamber of Commerce.
The only tentative one is #6 (1-800 number for employers to call re: EITC) -- Treasury is planning
such a number but its unclear whether it will be ready in time.



even0114.wp

Welfare Reform Announcements

1. Announce that we've met the goal -- two years ahead of schedule -- to move two million more Americans off of welfare by the year 2000 (goal set by President in last year's State of the Union).
2. Announce that welfare caseload have fallen below 10 million for the first time since 1970 and release state by state numbers.
3. Announce President's new plan to provide 50,000 vouchers to families who need new housing in order to move from welfare to work.
4. Announce a nationwide competition to reward state efforts to reduce out of wedlock births -- distributing \$100 million a year to five states with the largest reduction.
5. Announce a nationwide welfare to work competition, distributing \$1 billion in high performance bonuses to states that do the best job of placing people into jobs and helping them succeed in the work place.
6. Announce a new 1-800 number for employers to get help with the Earned Income Tax Credit, so to help companies retain employees and give them a raise in every pay check.
7. Announce the first state and local welfare to work grants, created in the Balanced Budget Act to fund welfare to work efforts in high poverty areas (GA, IL, KS, LA, MI, NE, NV, SC).
8. Announce that 3,000 companies have pledged to hire welfare recipients, and challenge the Welfare to Work Partnership to grow to 10,000 in the next year.
9. Call for new penalties for states that have not put in place systems to collect child support from deadbeat parents.

September 22, 1997

To: Bruce Reed, Elena Kagan
 From: Cynthia Rice
 cc: Diana Fortuna, Christa Robinson
 Subj: Event Ideas

You had suggested that we should make as many announcements as possible out of the rollout of the \$3 billion grants. Here are some possible ideas for these and other possible welfare events, including the October 1st child support idea you mentioned this morning which I am starting to work on.

Christa tells me the October 31st event in Florida is planned as a return to the school the President skipped when he hurt his knee. However, she suggests we do a scheduling memo ASAP if we want to anything around that time. She is also checking into the October 1 and November 15th dates.

DATE	TOPIC	LOCATION	DESCRIPTION
Around Oct. 1st	Child Support Enforcement	TBA	Release data showing success of Treasury's effort to collect overdue child support from federal employees and contractors; <u>announce new rules to prevent doctors who owe child support from getting payments from Medicare</u> ; unveil the national new hire reporting system which goes on line October 1st; and call upon the Congress to enact <u>Administration's proposal for tougher sentences for parents who cross state lines to avoid paying child support.</u>

DATE	TOPIC	LOCATION	DESCRIPTION
Oct. 31st - Nov. 4th	Welfare to Work	TBA	Make three announcements: 1) Announce availability of applications for welfare to work competitive grants; 2) Announce the regulations outlining the uses of the welfare to work formula grants (by law, regulations must be published 90 days from Aug. 5th); and 3) Announce the regulations for the overall welfare law holding states accountable for the law's tough work requirements.
Nov. 15th (Eli asked for 14th, but POTUS in Calif. on 15th)	Welfare to Work	San Francisco (POTUS in Sacramento and LA on 15th)	Welfare to Work "city challenge" a la St. Louis, with hundreds of companies pledging to hire welfare recipients. Could announce TANF regs if not already announced. Could announce the <u>high performance bonus reg.</u>
Nov. 18-19th (Eli request)	Welfare to Work	White House (POTUS in D.C.)	1) Meeting with 20 major CEOs to thank them for their welfare to work efforts; or 2) A larger event w/ CEOs
Date TBA	Teen Pregnancy Prevention	TBA	<u>National Campaign to Prevent Teen Pregnancy is convening meeting of magazines for teenage girls to encourage them to do more to send the right messages to teens. They would like the First Lady to speak.</u>
Late Nov. - early Dec.	Welfare to Work -- Federal Hiring	TBA	POTUS or VPOTUS could announce FY <u>1997 federal welfare hires</u> (agencies will report by Nov. 15th hires through October 31st).
Dec. 2nd (tent) -- date now being held for Race Town Hall	Teen Pregnancy Prevention	D.C.	<u>Meeting of religious leaders convened by the National Campaign to Prevent Teen Pregnancy to discuss strategies to prevent teen pregnancy.</u>

DATE	TOPIC	LOCATION	DESCRIPTION
December - January	Fathers- Child Support Enforcement	TBA	**Need to investigate further** Announce with the National Football League a national "Don't Drop the Ball" campaign modeled after the one in Florida in which players from three professional football teams serve as role models and get the message out to fathers that they must support their children. Could combine with bipartisan child support computer systems announcement.
December-January	Teen Pregnancy Prevention	TBA	Announce the National Campaign to Prevent Teen Pregnancy's "Toolkit for States and Communities," on what they can do to help reduce teen pregnancy, funded by HHS.
January	Welfare to Work	White House	Quarterly meeting of the Vice President's Coalition to Sustain Success. One idea: to host with SBA a half day conference in which the POTUS and VPOTUS could speak via satellite to groups of small business, non-profit, and religious leaders across the country.
January-February	Welfare to Work	TBA	Announcement of welfare to work formula and competitive grants. (Formula grants to states will be ready to announce in January, for states that file plans by Dec. 12th; competitive grant awards will be ready to announce in February.)
April 30, 1998	Teen Pregnancy Prevention	White House	Like last year, the National Campaign to Prevent Teen Pregnancy would like an event honoring their members.



Ideas - Wp



Cynthia A. Rice

10/01/97 06:02:55 PM

Record Type: Record

To: Christa Robinson/OPD/EOP
cc: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP
bcc:
Subject: Re: Welfare Caseload Numbers

There are a number of announcements we could make in mid-November:

New welfare caseload numbers (we wouldn't have to hold these, we'd have new ones by then, since they are monthly)

Federal welfare hiring numbers

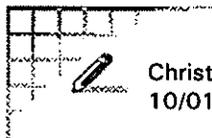
State work participation rate data

Availability of applications for welfare to work competitive grants

Welfare regulations outlining tough work rules

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Christa Robinson



Christa Robinson
10/01/97 05:55:23 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP
cc: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP
Subject: Re: Welfare Caseload Numbers

At the short term scheduling meeting, folks seemed eager to try to turn Eli Segal's request for a D.C. CEOs meeting with his board into a message event. His request was for Nov. 18 or 19 when his board's in D.C. Much of this interest was because we have to regret his idea for a San Francisco event. Is it possible to hold this or other welfare announcements for a message event on 11/18-19?

Ideas - welfare



Cynthia A. Rice

06/25/97 06:12:52 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Diana Fortuna/OPD/EOP, Elisabeth Stock/OVP @ OVP, Christa Robinson/OPD/EOP
Subject: Welfare Events

Here are what I think are our three best ideas. If you'd like them put in a more formal event style memo, please let me know:

Early or mid-July: The President could release the new caseload numbers, showing that caseloads have declined by 3 million since he became President and the number of people on welfare has fallen to less than 11 million. This could be done in one of many venues. He could visit a successful welfare to work program; he could call a meeting of his economic advisers to report to him that the economy is producing enough jobs for welfare recipients; he could announce it at the top of a news conference or a bipartisan meeting of the Congressional leadership.

July 28: Speech to National Governors Association. The President would use this speech to highlight what's worked in welfare reform around the country and to challenge the governors to put in place the incentives and supports (child care, transportation, etc.) to ensure people to go to work. The President could announce the new child care regulations here.

Mid-August (14 or 15?): Welfare to Work Partnership. The President would highlight successful efforts to move welfare recipients to work by joining with business leaders in a city where companies are hiring a significant number of people from the welfare rolls. Eli Segal has recommended St. Louis, Indianapolis, Columbus, or Baltimore. The event would help symbolize the efforts underway in the year since the President signed welfare reform into law (8/22/96).

Ideas - WZ

DRAFT - April 8, 1997

**WELFARE REFORM:
HHS ISSUE PAPER PROJECT**

As states and localities implement the new welfare law, HHS believes that there are several key policy priorities which will be essential to successfully moving families from welfare to work and self-sufficiency. The most important of these is to involve the private sector in hiring welfare recipients, and we will continue to compile information about exemplary ongoing or future efforts to increase private sector involvement in welfare reform implementation. In addition, we have identified several *additional* policy priorities that have been Presidential priorities and about which we believe the Administration should communicate strong messages in the coming months.

Over the next several weeks, HHS proposes to prepare a series of papers for the White House which outline each of these priorities, highlight state legislative initiatives, and summarize state, local, and non-governmental programs that exemplify "best practices" in each area. These themes, listed in the order of our proposed production schedule, are below.

* HUMAN SERVICES TRANSPORTATION initiatives link welfare recipients to jobs, and acknowledge the changing geographic dynamics of the American workplace. This paper has been completed and submitted to the White House. ?

* CHILD SUPPORT ENFORCEMENT efforts are increasing collections and paternity establishments, helping custodial and non-custodial parents make the transition from welfare to work and achieve self-sufficiency. In the coming months, states will need to implement important legislation that will determine how their child support enforcement programs will be structured.

* CHILD CARE. A number of promising initiatives to expand and improve child care have emerged across the country. These include initiatives such as public/private partnerships, innovations in consumer education, linkages with health and other topics.

* RURAL DEVELOPMENT efforts deserve special emphasis. Welfare reform should not be equated with urban policy, and the unique needs of rural welfare populations need to be properly addressed at the federal, state, and local level.

* PERSONS WITH DISABILITIES face unique challenges in the new welfare-to-work environment. States and localities should be encouraged to develop inclusive, accessible welfare programs that address the needs of welfare recipients with disabilities or parents caring for disabled children.

* ECONOMIC DEVELOPMENT, MICROCREDIT and COMMUNITY-BUILDING efforts bring job opportunities, capital investment, and new economic activity to low-

income urban and rural communities. We need to build on existing models (such as EZ/EC, CDFI, and others) and better link welfare programs to work programs at the federal, state, and local levels. We plan to work with Treasury on the development of this paper.

*** EMPLOYMENT AND JOB RETENTION FOR HARD-TO-SERVE POPULATIONS** is a crucial and difficult goal to meet as welfare recipients move from welfare to work. The Administration should emphasize job placement strategies that help hard-to-serve or long-term welfare recipients find employment as well as highlight model programs that keep former recipients employed and self-sufficient. We hope to involve the Department of Labor in the development of this paper.

*** STATES MUST MAINTAIN THEIR INVESTMENT** in welfare programs by using new state flexibility and TANF block grant dollars to support low-income families. State legislatures will be making crucial fiscal choices in the coming months; we need to ensure that these choices maintain a strong commitment to low-income families.

*** DOMESTIC VIOLENCE** programs are crucial to remove the barriers to employment for families experiencing domestic violence.

*** TEEN PARENTS AND TEEN PREGNANCY PREVENTION** is an important focus of welfare reform. The Administration should highlight and encourage replication of model programs that help teens live at home with their families, stay in school, prepare for work, and practice abstinence.

Welfare Reform Possible Events

April

- Cabinet meeting regarding federal hiring of welfare recipients: On April 10th, the members of the Cabinet will report to the President and Vice President about their plans to hire welfare recipients.
- Welfare caseloads: Release new statistics showing welfare caseloads declined by 20% or 2,755,000 during the President's first term (from January 1993 to January 1997).
- Council of Economic Advisers: Release report discussing reasons for the decline in caseloads (Administration's welfare waiver policy, economy).
- Legal Immigrants: Presidential meeting with bipartisan group of mayors combined with transmittal to Congress of President's proposal to assist children, refugees, and those disabled after arrival in U.S.

May

- Corporate Commitments: Announcement of Welfare to Work Foundation (Eli Segal's group) and commitments by 25 or more companies to hire welfare recipients.
- Welfare to Work Transportation: Presidential meeting with bipartisan governors and members of Congress to endorse NEXTEA and other transportation funding proposals that will help welfare recipients get to jobs. Regional visits to model sites by VP and Cabinet combined with more endorsements.
- Child Care: Release proposed regulations on welfare law's \$14 billion in child care, which include extension of basic health and safety standards to nearly all federally funded child care.
- Child Support: Release proposed rules to help states track delinquent parents across state lines through the Directory of New Hires.
- Possible teen pregnancy prevention or statutory rape announcement.
- Announce public-private effort to provide welfare offices with access to Internet to use public and private job banks to help welfare recipients get jobs.

June

- Democratic Leadership Council-National Governors Association-Business Alliance conference on welfare to work.
- Welfare to Work: Release proposed regulations which will hold states accountable for meeting the welfare reform law's tough new work requirements.
- Father's Day event regarding child support enforcement and grants to states to promote parental visitation of non-custodial parents.

July

- July 1: Certify welfare reform plans for all 50 states.
- Paternity Establishment: Propose new regulations to promote paternity establishment.

August

- August 22nd Anniversary of Welfare Reform Signing: Release report on state actions.
- State performance: Release proposed regulations outlining rewards for states with high job placement performance and success in reducing out of wedlock births.

File welfare - IDAs

Elena

Cyathie
FYI

BR

To: Carolyn O'Brien
Small Business Association
From: Lyn Hogan
Date: November 12, 1996
Re: Microenterprise and
Individual Development Accounts

Carolyn, I enjoyed meeting you finally in person at Joline Godfrey's event. Attached, for your information, is a discussion of microenterprise as treated in the new welfare law, including the relevant pages of the law. Microenterprise is discussed as business capitalization under Individual Development Accounts (IDAs). The discussion falls under section 404 of P.L. 104-193, "The Personal Responsibility and Work Opportunity Reconciliation Act of 1996."

This section of the law discusses the use of grants, referring to the block grants for temporary assistance for needy families. The language allows the use of block grant funds for IDAs established by individuals eligible for assistance under the state program.

Under the law, IDAs may be established by, or on behalf of, an individual to help that individual accumulate funds for a qualified purpose. The law allows accumulated IDA funds to be used for one or more of the following:

- 1) Post-secondary education expenses
- 2) First Home Purchase
- 3) Business capitalization (microenterprise)

Business capitalization: Amounts paid from an IDA directly to a business capitalization account established in a federally insured financial institution and restricted to use solely for business capitalization.

This means that those on welfare are now able to save money to start up their own small business *without* the savings going against their welfare benefits. Further, those funds can be matched by a qualified entity -- a nonprofit organization or state or local government acting in cooperation with a nonprofit -- for a qualified purpose, again *without* counting against welfare benefits.

This section of the welfare law is important in that it gives states the encouragement and opportunity to help welfare recipients use IDAs to fund microenterprise or start-up businesses as a method of moving recipients from welfare to work.

I'd be happy to discuss this with you at any time.

cc: ~~Bruce Reed~~ - FYI
Jeremy Ben-Ami

“(A) STATE.—The term ‘State’ means each of the 50 States of the United States and the District of Columbia.

“(B) SECRETARY.—The term ‘Secretary’ means the Secretary of the Treasury.

“(8) ANNUAL REPORTS.—The Secretary shall annually report to the Congress on the status of the Fund.

42 USC 604.

“SEC. 404. USE OF GRANTS.

“(a) GENERAL RULES.—Subject to this part, a State to which a grant is made under section 403 may use the grant—

“(1) in any manner that is reasonably calculated to accomplish the purpose of this part, including to provide low income households with assistance in meeting home heating and cooling costs; or

“(2) in any manner that the State was authorized to use amounts received under part A or F, as such parts were in effect on September 30, 1995.

“(b) LIMITATION ON USE OF GRANT FOR ADMINISTRATIVE PURPOSES.—

“(1) LIMITATION.—A State to which a grant is made under section 403 shall not expend more than 15 percent of the grant for administrative purposes.

“(2) EXCEPTION.—Paragraph (1) shall not apply to the use of a grant for information technology and computerization needed for tracking or monitoring required by or under this part.

“(c) AUTHORITY TO TREAT INTERSTATE IMMIGRANTS UNDER RULES OF FORMER STATE.—A State operating a program funded under this part may apply to a family the rules (including benefit amounts) of the program funded under this part of another State if the family has moved to the State from the other State and has resided in the State for less than 12 months.

“(d) AUTHORITY TO USE PORTION OF GRANT FOR OTHER PURPOSES.—

“(1) IN GENERAL.—A State may use not more than 30 percent of the amount of any grant made to the State under section 403(a) for a fiscal year to carry out a State program pursuant to any or all of the following provisions of law:

“(A) Title XX of this Act.

“(B) The Child Care and Development Block Grant Act of 1990.

“(2) LIMITATION ON AMOUNT TRANSFERABLE TO TITLE XX PROGRAMS.—Notwithstanding paragraph (1), not more than 1/3 of the total amount paid to a State under this part for a fiscal year that is used to carry out State programs pursuant to provisions of law specified in paragraph (1) may be used to carry out State programs pursuant to title XX.

“(3) APPLICABLE RULES.—

“(A) IN GENERAL.—Except as provided in subparagraph (B) of this paragraph, any amount paid to a State under this part that is used to carry out a State program pursuant to a provision of law specified in paragraph (1) shall not be subject to the requirements of this part, but shall be subject to the requirements that apply to Federal funds provided directly under the provision of law to carry out the program, and the expenditure of any amount so used

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“(iii) BUSINESS CAPITALIZATION.—Amounts paid from an individual development account directly to a business capitalization account which is established in a federally insured financial institution and is restricted to use solely for qualified business capitalization expenses.

“(C) CONTRIBUTIONS TO BE FROM EARNED INCOME.—An individual may only contribute to an individual development account such amounts as are derived from earned income, as defined in section 911(d)(2) of the Internal Revenue Code of 1986.

Regulations.

“(D) WITHDRAWAL OF FUNDS.—The Secretary shall establish such regulations as may be necessary to ensure that funds held in an individual development account are not withdrawn except for 1 or more of the qualified purposes described in subparagraph (B).

“(3) REQUIREMENTS.—

“(A) IN GENERAL.—An individual development account established under this subsection shall be a trust created or organized in the United States and funded through periodic contributions by the establishing individual and matched by or through a qualified entity for a qualified purpose (as described in paragraph (2)(B)).

“(B) QUALIFIED ENTITY.—As used in this subsection, the term ‘qualified entity’ means—

“(i) a not-for-profit organization described in section 501(c)(3) of the Internal Revenue Code of 1986 and exempt from taxation under section 501(a) of such Code; or

“(ii) a State or local government agency acting in cooperation with an organization described in clause (i).

“(4) NO REDUCTION IN BENEFITS.—Notwithstanding any other provision of Federal law (other than the Internal Revenue Code of 1986) that requires consideration of 1 or more financial circumstances of an individual, for the purpose of determining eligibility to receive, or the amount of, any assistance or benefit authorized by such law to be provided to or for the benefit of such individual, funds (including interest accruing) in an individual development account under this subsection shall be disregarded for such purpose with respect to any period during which such individual maintains or makes contributions into such an account.

“(5) DEFINITIONS.—As used in this subsection—

“(A) ELIGIBLE EDUCATIONAL INSTITUTION.—The term ‘eligible educational institution’ means the following:

“(i) An institution described in section 481(a)(1) or 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1088(a)(1) or 1141(a)), as such sections are in effect on the date of the enactment of this subsection.

“(ii) An area vocational education school (as defined in subparagraph (C) or (D) of section 521(4) of the Carl D. Perkins Vocational and Applied Technology Education Act (20 U.S.C. 2471(4))) which is in any State (as defined in section 521(33) of such Act), as such sections are in effect on the date of the enactment of this subsection.

“(i) THAT MI
which a

CAPITALIZATION.—Amounts paid development account directly to an individual development account which is established with a financial institution and is used for qualified business capitaliza-

TO BE FROM EARNED INCOME.—Amounts attributable to an individual development account as are derived from earned income on 911(d)(2) of the Internal Revenue Code.

FUNDS.—The Secretary shall use such funds as may be necessary to ensure that the individual development account are 1 or more of the qualified purposes described in paragraph (B).

INDIVIDUAL DEVELOPMENT ACCOUNT.—An individual development account section shall be a trust created in any State and funded through the establishing individual and qualified entity for a qualified plan as described in paragraph (2)(B).

AS USED IN THIS SUBSECTION.—As used in this subsection, the following definitions apply:

ORGANIZATION DESCRIBED IN SECTION 501(C)(3).—An organization described in section 501(c)(3) of the Internal Revenue Code of 1986 as in effect on the date of such enactment.

LOCAL GOVERNMENT AGENCY ACTING AS AN ORGANIZATION DESCRIBED IN SECTION 501(C)(3).—A local government agency acting as an organization described in section 501(c)(3) of the Internal Revenue Code of 1986 as in effect on the date of such enactment.

BENEFITS.—Notwithstanding any other provision of law, the Internal Revenue Code shall not apply to the determination of 1 or more financial benefits for the purpose of determining the amount of, any assistance or benefit provided to or for the benefit of an individual (including interest accruing) in an individual development account under this subsection shall be taken into account with respect to any period during which the individual receives or makes contributions into the account.

FINANCIAL INSTITUTION.—The term "financial institution" means the following:

(A) An institution described in section 481(a)(1) of the Education Act of 1965 (20 U.S.C. 1011(a)), as such sections are in effect on the date of enactment of this subsection.

(B) A vocational education school (as defined in section 521(4)(C) or (D) of section 521(4) of the Education Act of 1965 (20 U.S.C. 1011(4))) which is in effect on the date of such enactment.

(C) An institution described in section 521(33) of such Code as in effect on the date of such enactment.

(B) POST-SECONDARY EDUCATIONAL EXPENSES.—The term "post-secondary educational expenses" means—

(i) tuition and fees required for the enrollment or attendance of a student at an eligible educational institution, and

(ii) fees, books, supplies, and equipment required for courses of instruction at an eligible educational institution.

(C) QUALIFIED ACQUISITION COSTS.—The term "qualified acquisition costs" means the costs of acquiring, constructing, or reconstructing a residence. The term includes any usual or reasonable settlement, financing, or other closing costs.

(D) QUALIFIED BUSINESS.—The term "qualified business" means any business that does not contravene any law or public policy (as determined by the Secretary).

(E) QUALIFIED BUSINESS CAPITALIZATION EXPENSES.—The term "qualified business capitalization expenses" means qualified expenditures for the capitalization of a qualified business pursuant to a qualified plan.

(F) QUALIFIED EXPENDITURES.—The term "qualified expenditures" means expenditures included in a qualified plan, including capital, plant, equipment, working capital, and inventory expenses.

(G) QUALIFIED FIRST-TIME HOMEBUYER.—

(i) **IN GENERAL.**—The term "qualified first-time homebuyer" means a taxpayer (and, if married, the taxpayer's spouse) who has no present ownership interest in a principal residence during the 3-year period ending on the date of acquisition of the principal residence to which this subsection applies.

(ii) **DATE OF ACQUISITION.**—The term "date of acquisition" means the date on which a binding contract to acquire, construct, or reconstruct the principal residence to which this subparagraph applies is entered into.

(H) QUALIFIED PLAN.—The term "qualified plan" means a business plan which—

(i) is approved by a financial institution, or by a nonprofit loan fund having demonstrated fiduciary integrity,

(ii) includes a description of services or goods to be sold, a marketing plan, and projected financial statements, and

(iii) may require the eligible individual to obtain the assistance of an experienced entrepreneurial advisor.

(I) QUALIFIED PRINCIPAL RESIDENCE.—The term "qualified principal residence" means a principal residence (within the meaning of section 1034 of the Internal Revenue Code of 1986), the qualified acquisition costs of which do not exceed 100 percent of the average area purchase price applicable to such residence (determined in accordance with paragraphs (2) and (3) of section 143(e) of such Code).

(i) SANCTION WELFARE RECIPIENTS FOR FAILING TO ENSURE THAT MINOR DEPENDENT CHILDREN ATTEND SCHOOL.—A State to which a grant is made under section 403 shall not be prohibited

from sanctioning a family that includes an adult who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult fails to ensure that the minor dependent children of such adult attend school as required by the law of the State in which the minor children reside.

“(j) REQUIREMENT FOR HIGH SCHOOL DIPLOMA OR EQUIVALENT.—A State to which a grant is made under section 403 shall not be prohibited from sanctioning a family that includes an adult who is older than age 20 and younger than age 51 and who has received assistance under any State program funded under this part attributable to funds provided by the Federal Government or under the food stamp program, as defined in section 3(h) of the Food Stamp Act of 1977, if such adult does not have, or is not working toward attaining, a secondary school diploma or its recognized equivalent unless such adult has been determined in the judgment of medical, psychiatric, or other appropriate professionals to lack the requisite capacity to complete successfully a course of study that would lead to a secondary school diploma or its recognized equivalent.

42 USC 605.

“SEC. 405. ADMINISTRATIVE PROVISIONS.

“(a) QUARTERLY.—The Secretary shall pay each grant payable to a State under section 403 in quarterly installments, subject to this section.

“(b) NOTIFICATION.—Not later than 3 months before the payment of any such quarterly installment to a State, the Secretary shall notify the State of the amount of any reduction determined under section 412(a)(1)(B) with respect to the State.

“(c) COMPUTATION AND CERTIFICATION OF PAYMENTS TO STATES.—

“(1) COMPUTATION.—The Secretary shall estimate the amount to be paid to each eligible State for each quarter under this part, such estimate to be based on a report filed by the State containing an estimate by the State of the total sum to be expended by the State in the quarter under the State program funded under this part and such other information as the Secretary may find necessary.

“(2) CERTIFICATION.—The Secretary of Health and Human Services shall certify to the Secretary of the Treasury the amount estimated under paragraph (1) with respect to a State, reduced or increased to the extent of any overpayment or underpayment which the Secretary of Health and Human Services determines was made under this part to the State for any prior quarter and with respect to which adjustment has not been made under this paragraph.

“(d) PAYMENT METHOD.—Upon receipt of a certification under subsection (c)(2) with respect to a State, the Secretary of the Treasury shall, through the Fiscal Service of the Department of the Treasury and before audit or settlement by the General Accounting Office, pay to the State, at the time or times fixed by the Secretary of Health and Human Services, the amount so certified.

42 USC 606.

“SEC. 406. FEDERAL LOANS FOR STATE WELFARE PROGRAMS.

“(a) LOAN AUTHORITY.—

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Welfare Reform Events and Actions 6-Month Plan

March

1. Work Options/Welfare to Work Event

As states' legislative sessions open around the country, it is important to send a strong message about the variety of work options possible under the new welfare law. To do so, we could have the President visit a welfare to work intermediary -- private nonprofit or for profit organizations that offer job readiness, job placement and job retention services -- and highlight intermediaries as one of the many work options states can pursue followed by a list of other work options.

2. Earned Income Tax Credit (EITC) Event

April 15 is tax time so March is a perfect time to remind those eligible that they should file for the EITC. At the same time, the President can issue an Executive Order to the Department of Treasury directing the Secretary to notify employers that under current law, those eligible for the EITC are allowed to receive it either in a lump sum or tax credit at the end of the year **or** in equal distributions throughout the year. This could be done as a radio event or an Oval event.

3. White House Hiring Strategy Event

Through Executive Order, the President can create a new, excepted service hiring authority for welfare recipients. The program would be designed to encourage agencies to hire welfare recipients initially as temporary employees. At the end of two years and only upon successful performance, these employees could be converted to regular, competitive government employment. (Note: This proposal is in the draft stage currently but should be ready shortly.)

4. Welfare Reform Is Helping, Not Hurting Children

The Children's Defense Fund is meeting March 12-15 and will likely spend some time attacking the Administration's new welfare law, specifically arguing that it hurts children.

To counteract this negative message, we could release a set of positive numbers that show how many children have been moved off welfare because of the waiver strategy and the new law.

April

5. Child Care/Welfare to Work Event

The state of Kentucky has started a program to help poor women move off welfare by training them to become child care providers. The state has offered a group of women 30 hours of training in subjects ranging from child development to discipline before beginning internships. The goal is to have them working in their own homes or in child care centers by Spring.

Providing the results are successful, the President could visit the training site in Kentucky and tout this as a model program for other states to emulate.

6. Teen Pregnancy Prevention/Statutory Rape Report Event

Sometime in early April, the Department of Justice will be ready to release a preliminary report on the prevalence of statutory rape, its causal effect on teen pregnancy rates, and list of state statutory rape laws including those states that have recently enacted tougher laws statutory rape laws. We could schedule a radio address to coincide with the release of the report. The President would talk about the fact that older men cause a large percentage of teen pregnancies and that states need to prosecute these men under existing state statutory rape laws. He can then also talk about the need for states to toughen their laws and can offer examples of a couple of states that have successfully done so.

May

7. Child Support Enforcement

Set up an event related to the HHS child support enforcement notice of proposed rules, specifically the state directory of new hires to track down deadbeat parents.

June

8. Release Coopers & Lybrand Welfare To Work Employer Survey Results

By late May or early June, results should be in from a survey Coopers & Lybrand is conducting, with our help, on employer attitudes about and experiences with hiring welfare recipients. Results should be positive based on structure of questions. This could be a radio address.

9. Holding States Accountable

Hold a pro-work event around the HHS notice of proposed rule making for work requirements, penalties to states and data collection.

10. Supporting Fathers

Hold an event around the HHS notice of proposed rule making regarding grants to states for access and visitation programs.

July

11. Paternity Establishment

An event around the HHS notice of proposed rule making regarding state laws concerning paternity establishment.

12. August

One-Year Anniversary of POTUS Welfare Bill Signing (8/22/97)

The event would highlight successes to date including lowered caseloads, increased child support, increased paternity establishment, decreased teen birth rates, praise companies that have hired welfare recipients, praise states with innovative programs, etc.

Non-Time Specific Events

13. **IDAs:** Highlight this as an option under the new welfare law, talk about how it goes beyond welfare reform to poverty alleviation by helping the poor and working poor build assets, and highlight existing state efforts.

14. **Transportation:** Executive Order on Human Services Transportation suggested by Florida Governor Chiles.

February 12, 1997

**ADMINISTRATION FOR CHILDREN AND FAMILIES
WELFARE REFORM REGULATIONS**

<u>REGULATION</u>	<u>PROPOSED PUBLICATION DATE</u>
TITLE I - TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	
Work Requirements (NPRM)+	6/97
Penalties/Admin. Costs (NPRM)+	6/97
Data Collection and Reporting for States & Tribes (NPRM)+	6/97
Methodology for Determining Child Poverty (NPRM)	7/97
Illegitimacy Bonus (NPRM)	8/97
High Performance Bonus (NPRM)	8/97
Tribal Program Requirements (NPRM)	9/97
Omnibus Conforming Regulation (Final Rule)	3/98
TITLE III - CHILD SUPPORT ENFORCEMENT	
ADP Funding Limitation (NPRM)	4/97
State Directory of New Hires (NPRM)	5/97
Grants to States for Access and Visitation Programs (NPRM)	6/97
State Laws Concerning Paternity Establishment (NPRM)	7/97
Automated Data Processing Requirements (NPRM)	8/97
State Case Registry and Expansion of FPLS (NPRM)	10/97
Omnibus Child Support Conforming Regulation (Final Rule)	1/98
Child Support Enforcement for Tribes (NPRM)	2/98
TITLE VI - CHILD CARE	
Child Care Program (NPRM)	3/97

+ The first three title I NPRMs may be published as one NPRM

STATUS OF REPORTS REQUIRED BY THE WELFARE LAW

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 requires the Department of Health and Human Services to report to Congress on a number of issues.

Completed: HHS has submitted to Congress a package of proposed technical and conforming amendments to the Act. (Sec. 113 PRWORA)

Completed: HHS has developed a national strategy for preventing out-of-wedlock teenage pregnancies and promoting community programs. (Sec. 905 PRWORA)

February 22, 1997: HHS is required to report on the status of state computer systems for tracking welfare receipt. In coordination with APWA, we have surveyed states on their current systems, and a contractor is preparing a report on possible approaches to sharing information between states through a central system. (Sec. 106 PRWORA)

March 1, 1997: HHS is required to report on a new performance incentive system for child support enforcement. (Sec. 341 PRWORA)

July 31, 1997: The first biennial report on the consolidated child care and development fund is due. (Sec. 612 PRWORA, amended reporting elements and frequency)

December 31, 1997: Annual report on child support is due. (Sec. 347 PRWORA; amended reporting elements)

March 30, 1998: The first annual report on the characteristics of state programs under TANF, the demographic characteristics of applicants and recipients, and state progress towards the goals of TANF is due. HHS has begun work on defining the data elements that states will have to provide. (Sec. 411 SSA; sec. 103 PRWORA)

June 30, 1998: The first annual report on the progress of the teen pregnancy prevention strategy and its success in achieving its goals is due. (Sec. 905 PRWORA)

August 22, 1998: With the Department of Agriculture, HHS is required to report on the impact of the changes in reimbursement policies for meals served at family day care homes on the number of providers that participate, the number that are licensed, the quality of the food they serve, and the proportion of low-income children served. (Sec. 708 PRWORA)

September 30, 1998: HHS must develop alternative outcomes measures for welfare-to-work programs that might replace the participation rate requirements. (Sec. 107 PRWORA)

October 1, 1998: HHS must report on how the new distribution policy for child support collection affects welfare caseloads. A technical amendment to extend the due date by one year has been submitted, as the new policy will not have been in effect for long enough to have an impact by that date. (Sec. 457 SSA; sec. 302 PRWORA)

August 22, 1999: HHS must issue first annual report on the circumstances of families affected by time limits, children of teen parents, and teens becoming parents. Report will look at issues such as drop-out rates, employment, crime, health insurance, income and program participation. (Sec. 413 SSA; sec. 103 PRWORA)

Annual report; date unspecified: HHS must submit an annual report on the status of the contingency fund under TANF. (Sec. 403 SSA; sec. 103 PRWORA)