

SERVICE EMPLOYEES

INTERNATIONAL UNION, AFL-CIO, CLC

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WR- AFSCME

RICHARD W. CORDTZ
INTERNATIONAL PRESIDENT

BETTY BEDNARCZYK
INTERNATIONAL SECRETARY-TREASURER

FOR IMMEDIATE RELEASE

For Information: Carolyn Kazdin (202) 898-3485
Peggy Kelly (202) 898-3418

Statement of
Richard W. Cordtz
International President, Service Employees International Union
In Opposition to the National Governors Association Welfare Reform Proposal
February 22, 1996

The Service Employees International Union, AFL-CIO, strongly opposes the welfare reform plan adopted by the National Governors' Association on February 6. This proposal would thrust millions more children into poverty and impose great stress on low-income families and their communities.

The Governors' resolution basically endorses the House-Senate conference agreement on H.R. 4, the Personal Responsibility and Work Opportunity Act, with a few modifications. President Clinton rightfully vetoed H.R. 4 in January on the grounds that it was "burdened with deep budget cuts" and "does too little to move people from welfare to work." Although the Governors' plan recommends a few positive changes, such as adding \$4 billion for child care, the overall proposal remains as unacceptable as the one that earned the President's veto.

Not only would this proposal impose great harm on welfare recipients, but low-wage workers would suffer as well. The plan's tough work requirements mean that hundreds of thousands of welfare recipients will be competing against current workers for available jobs. In the absence of adequate, enforceable displacement protections, existing workers will inevitably end up losing jobs -- and could wind up on the welfare rolls themselves.

The Governors' welfare resolution also does nothing to prevent radical extremist groups from commanding responsibility for administering the welfare function -- determining everything from who is eligible for welfare benefits, to what services clients receive, to how long families are entitled to remain on the rolls. If these functions are removed from the public domain, oversight and accountability for taxpayer dollars will be extremely difficult to achieve.

SEIU is calling on President Clinton and members of Congress to reject the Governors' welfare reform plan. We, as a nation, cannot support welfare reform that will penalize children, pit low-wage workers against welfare recipients, and force tens of thousands of public employees to lose their jobs to untested, unaccountable private contractors.

The fastest growing and most diverse union in the United States, SEIU is the third largest union in the AFL-CIO. SEIU's 1.1 million members are employed in the public sector, health services, building services, office work, and light industry.

-30-

FACSIMILE TRANSMISSION

WR -
AFSCME

TO: Ken Apfel
N.J. Bone
R. Tarplin
W. Primus

FROM: Anna L. Durand
General Counsel Office
Department of Health &
Human Services

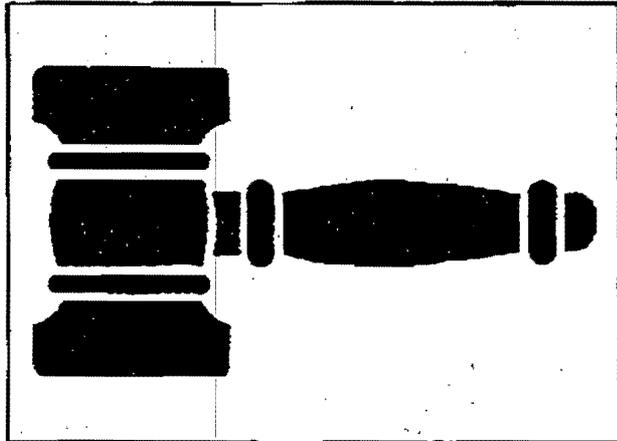
Facsimile Phone Number - 202-690-7998

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707F H.H. Humphrey Building
200 Independence Ave., S.W.
Washington, D.C. 20201

3 pages



To Keith and
Bruce Reed
Let's talk
-KA



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Secretary

Office of the General Counsel
Washington, D.C. 20201

March 15, 1996

Ken Apfel
Associate Director, Human Resources
Office of Management and Budget
260 OEOB, 17th & PA Ave., N.W.
Washington, D.C. 20503

Re: Nondisplacement Language

Dear ^{Ken} Mr. Apfel:

At Rich Tarplin's request, I am enclosing proposed bill language to deal with the nondisplacement concerns. This language is fairly narrow.

Should you have any questions or comments, please call Rich on (690-7627) or me on (690-6318).

Sincerely,

A handwritten signature in cursive script, appearing to read "Anna".

Anna L. Durand
Deputy General Counsel

cc: Mary Jo Bane
Richard Tarplin
Wendell Primus

Section 407(f), which H.R. 4 proposes to add to the Social Security Act, should be amended to read as follows:

"(F) NONDISPLACEMENT IN WORK ACTIVITIES.--

"(1) IN GENERAL.--No work assignment to an adult in a family receiving assistance under a State program funded under this part shall result in--

"(A) the displacement of any currently employed worker or position (including partial displacement such as a reduction in the hours of nonovertime work, wages, or employment benefits), or result in the impairment of existing contracts for services or collective bargaining agreements;

"(B) the employment or assignment of a participant or the filling of a position when (i) any other individual is on layoff from the same or any equivalent position, or (ii) the employer has terminated the employment of any regular employee or otherwise reduced its workforce with the effect of filling the vacancy so created with a participant subsidized under the program; or

"(C) any infringement of the promotional opportunities of any currently employed individual.
Funds available to carry out the program under this part may not be used to assist, promote, or deter union organizing.

"(2) ENFORCING NONDISPLACEMENT PROTECTIONS.--

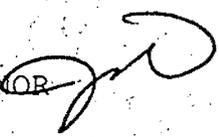
"(A) GRIEVANCE PROCEDURE.--Each State shall establish and maintain a grievance procedure for resolving complaints alleging violations of any of the prohibitions or requirements of paragraph (1). Such procedure shall include an opportunity for a hearing. Remedies shall include termination or suspension of payments, prohibition of the placement of the client, reinstatement of an employee, and other relief to make an aggrieved employee whole.

"(B) OTHER LAWS OR CONTRACTS.--Nothing in subparagraph (A) shall be construed to prohibit a complainant from pursuing a remedy authorized under another Federal, State, or local law or a contract or collective bargaining agreement for a violation of any of the prohibitions or requirements of paragraph (1).

THE WHITE HOUSE
WASHINGTON

February 12, 1996

MEMORANDUM FOR RAHM EMANUEL
BRUCE REED

FROM: JENNIFER O'CONNOR 

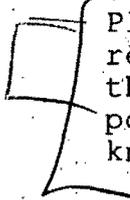
SUBJECT: Welfare reform

Attached is a letter sent over by Nanine Meiklejohn of the American Federation of State, County and Municipal Employees, following up on two issues raised in a letter from Presidents McEntee and Sweeney to the President last fall on welfare.

Their two concerns if welfare is raised again this year are:

(1) The anti-displacement provisions of H.R. 4. This provision allowed employers to convert union jobs into unpaid welfare work and put unionized private sector contract workers at substantial risk of job loss.

(2) AFSCME strongly supports the current federal entitlement. Ending the entitlement could destroy the network of public agencies which ensure universal access and uniform, non-discriminatory eligibility determination functions.

 Please let me know the most appropriate person to draft a response to this. If appropriate I would like a chance to see the response before it goes back out. If we are taking a position significantly different from the unions please let me know so that we can talk about how to handle that.

CC: Harold Ickes

WR-AFSCME



AFSCME®

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February 5, 1996

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Honolulu, Hawaii

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Albany, N.Y.

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Columbus, Ohio

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Burhman D. Smith
Philadelphia, Pa.

Larry R. Smith
East Lansing, Mich.

Linda Chavez-Thompson
San Antonio, Tex.

Garland W. Webb
Baton Rouge, La.

To: Jennifer O'Connor

From: Nanine Meiklejohn *NM*

Re: Welfare Reform

The purpose of this memo is to follow up on the two welfare reform issues raised in the letter which Presidents McEntee and Sweeney sent to the President last fall and to submit specific recommendations on both.

We are very pleased that President Clinton vetoed H.R. 4 because it would have destroyed the current federal entitlement and undermined the job security of working people. If welfare reform is brought up again this year, we hope there will be a negotiated process that will enable the Administration to secure better anti-displacement protections than those in H.R. 4 and to protect the entitlement and public agency structure.

Anti-Displacement Protections

The anti-displacement provisions of H.R. 4 were seriously flawed because they allowed employers to convert union jobs into unpaid welfare work and put unionized private sector contract workers at substantial risk of job loss. Although H.R. 4 prohibited employers from laying off workers and replacing them with welfare workers, it encouraged employers to fill vacant positions with welfare recipients. It did not distinguish between real employment and unpaid work so employers could have assigned welfare recipients working off their welfare benefits without employee status to a position which formerly had been a real job. In addition, there was no mechanism to enforce the anti-displacement protections.

The enclosed alternative uses the anti-displacement protections in the welfare reform provisions of the "Blue Dog" budget proposals with several modifications. Our modifications would: 1) add an enforcement procedure; 2) protect collective bargaining agreements and contracts for services; and 3) protect contract workers and establish conditions for filling job vacancies. These protections were developed in close consultation with SEIU and have their strong support.

in the public service

AFDC Entitlement: Public Agency System and Public Accountability

As you know, AFSCME is on record strongly supporting the current federal entitlement and its state plan requirement for program personnel to be in merit-based personnel systems. Ending the entitlement could very well destroy the network of public agencies which ensure universal access and uniform, non-discriminatory eligibility determination functions. We believe the public's demand for change can be achieved without eliminating this crucial feature of the current program.

Should a block grant emerge this year, however, we are proposing the attached "good government" amendment to ensure accountability and a level playing field through a federal requirement for a fair and open competitive bidding process. We hope it will not be necessary to consider this option.

We would appreciate being kept apprised of any developments on welfare reform. I will call shortly to follow up on this memo.

NM:dmb
Attachments

cc: Frank Cowan
Chuck Loveless

ANTI-DISPLACEMENT AMENDMENT

(-)NONDISPLACEMENT. -

(A) A program under this Act may not be operated in a manner that results in -

(1) the displacement of a currently employed worker or position by a program participant;

(2) the replacement of an employee who has been terminated with a program participant; or

(3) the replacement of an individual who is on layoff from the same position given to a program participant or any equivalent position.

(B) A program under this Act shall not impair existing contracts for services or collective bargaining agreements, and no such program that would be inconsistent with the terms of a collective bargaining agreement shall be undertaken without the written concurrence of the labor organization and employer concerned.

(-) FILLING CERTAIN VACANCIES.-

(A) No participant assigned to work in exchange for benefits shall be assigned to fill a job vacancy.

(B) A participant may be employed to fill a job vacancy only in a manner that is consistent with existing laws, regulations, and contracts applicable to such job provided that no participant shall:

(1) be assigned to a position to perform work under a contract for services for the first 90 days after the commencement of such contract if such contract immediately succeeds a contract for services under which an employee covered by a collective agreement performed the same or substantially similar work for another employer; or

(2) fill a position in a State or local government agency for which State or local funds have been budgeted, unless such agency has been unable to fill such vacancy with a qualified applicant through such agency's regular employee selection procedure during a period of not less than 90 days

(-) ENFORCING ANTI-DISPLACEMENT PROTECTIONS. -

(A) GRIEVANCE PROCEDURE. - The State shall establish and maintain (pursuant to regulations issued by the Secretary of Labor) a grievance procedure for resolving complaints alleging violations of any of the prohibitions or requirements of paragraph (1). Such procedure shall include an opportunity for a hearing and shall be completed not later than 90 days from the date of the complaint, by which time the complainant shall be provided a written decision by the State. A decision of the State under such procedure, or a failure of a State to issue a decision not later than 90 days from such date, may be appealed to the Secretary of Labor, who shall investigate the allegations contained in the complaint and make a determination not later than 60 days from the

date of the appeal as to whether a violation of such prohibitions or requirements has occurred. Remedies shall include termination or suspension of payments, prohibition of the placement of the client, reinstatement of an employee, and other relief to make an aggrieved employee whole.

(B) OTHER LAWS OR CONTRACTS. - Nothing in subparagraph (A) shall be construed to prohibit a complainant from pursuing a remedy authorized under another Federal, State, or local law or a contract or collective bargaining agreement for a violation of any of the prohibitions or requirements of paragraph (1).

(-) NO PREEMPTION. - Nothing in this subsection shall preempt or supersede any provision of State or local law that provides greater protection for employees from displacement.

EXPLANATION OF ANTI-DISPLACEMENT AMENDMENT

NONDISPLACEMENT

Subsection (A) incorporates the text of the anti-displacement protections in the "Blue Dog" welfare reform plan. It is broader in scope than H.R. 4.

Subsection (B) provides protection for collective bargaining agreements and contracts for services. It is identical to a provision in the House job training block grant (H.R. 1617) which is now in conference with S. 143. The current JOBS program and S. 143 have a provision which protects collective bargaining agreements and contracts for services without the second part of the subsection.

FILLING UNFILLED VACANCIES

This section is proposed as an alternative to the H.R. 4 section permitting the filling of vacancies.

Subsection (A) would prevent employers from converting real jobs into unpaid work by prohibiting them from filling job vacancies with welfare recipients in unpaid workfare or community service arrangements.

Subsection (B) permits employers to hire welfare recipients with a welfare wage subsidy as long as they follow their normal personnel procedures and wait a certain period of time. The waiting period under subsection (1) protects contract workers. It is from the Administration's welfare reform bill and was negotiated by SEIU with HHS. The companion provision in subsection (2), which protects government jobs, also is from the Administration's welfare reform bill and was negotiated by AFSCME with HHS. (The time period in subsection (2) has been changed from 60 to 90 days in this proposal to make the two sections consistent.)

ENFORCING ANTI-DISPLACEMENT PROTECTIONS

The provision establishes a procedure for resolving disputes and authorizes a set of remedies in order to ensure enforceability. The text is from the Daschle welfare reform bill, but virtually identical language - with somewhat more detailed remedies - is in Senate job training block grant bill (S. 143).

NO PREEMPTION

This subsection is carried over from H.R. 4.

GOVERNMENT ACCOUNTABILITY AMENDMENT

CERTIFICATION OF MEASURES AGAINST PROGRAM ABUSES

A certification by the chief executive officer of the State that the State is in compliance with standards and procedures, which will be established by the Secretary of Health and Human Services through regulation, to ensure against program abuses including, but not limited to, nepotism; conflicts of interest; charging of fees in connection with participation in the program; excessive or unreasonable legal fees; improper commingling of funds under the Act with funds received from other sources; failure to keep and maintain sufficient, auditable, or otherwise adequate records; kickbacks; political patronage; violations of federal laws; the use of funds for political, religious, antireligious, union or anti-union activities; the use of funds for lobbying local, state or federal legislators; and the use of funds for activities which are not directly related to the proper operation of the program.

CERTIFICATION THAT THE STATE WILL ADMINISTER PROGRAMS FUNDS PROPERLY AND EFFICIENTLY

Certification by the chief executive officer of the State that it will administer program funds properly and efficiently in compliance with regulations by the Secretary of Health and Human Services.

PROCEDURES FOR STATE GOVERNMENT ACCOUNTABILITY OF FEDERAL FUNDS

(A) State agencies operating a program under Titles _____ of this Act shall prepare, submit to the Secretary of Health and Human Services and the Secretary of Agriculture, and make available for public inspection in readily accessible form and fashion, the following official reports dealing with the administration and operation of the programs established under this act:

- (1) individual contractor performance reviews and other formal evaluations of the performance of carriers, intermediaries, and state agencies, including reports of follow-up reviews;
- (2) comparative evaluations of the performance of such contractors, including comparisons of either overall performance or of any particular aspect of contractor operation; and
- (3) program validation survey reports and other formal evaluations of the performance of providers of services.

(B) State agencies must have procedures established whereby providers of administrative and operation services are required to comply with the following disclosure requirements which also must be available for public inspection:

- (1) identity of each person with an ownership or control interest in the provider or in any subcontractor in which the provider directly or indirectly has a 5 percent or more ownership interest; and
- (2) whether any criminal convictions, civil or criminal penalties, or assessments have been imposed upon or assessed against such person.

COMPETITIVE BIDDING --

Those States which choose to contract with charitable, religious, or private organizations shall establish a competitive bidding process, shall determine all costs associated with contract performance including contract administration, and shall compare such costs with the cost of government operation of the program. Any capital expenditures proposed in a competitive bid must be for the sole benefit of the program's recipients.

EXPLANATION OF GOVERNMENT ACCOUNTABILITY AMENDMENT

This amendment is intended to ensure accountability and a level playing field through a federal requirement for a fair and open competitive bidding process if welfare reform converts the current entitlement to a block grant.

The competitive bidding section is critical. It is intended to help avoid arbitrary contracting decisions and ensure accountability to the public for efficiency and effectiveness. It has been revised from an earlier draft to say that all costs must be considered, including government monitoring and supervisory costs, which often are omitted from privatization calculations. In addition, the new language requires a comparison of the cost of direct provision of services by the government with private contractor costs. The section does not set a savings standard, such as 10%, for private contractors to meet. It simply ensures that enough information is available for the public to evaluate privatization decisions.

With respect to the rest of the amendment:

► Program Abuse Section

Specifically lists a variety of potential abuses, which probably could be shortened if necessary. Another more controversial approach is to require contractors to comply with various personnel laws, such as the Hatch Act. The intent is for private companies which take on the role of "government provider" to conform to the same rules as public agencies. Also requires that the program comply with federal laws.

► State Government Accountability

Part (A) requires performance reviews and formal evaluations of the performance of contractors and public disclosure of these reports. Private contractors will not be subject of FOIA requests. There should be some way to evaluate their activities.

Part (B) requires public disclosure of the names of each person with an ownership or control interest in the provider and of any criminal convictions, criminal or civil penalties.

Reed-fuji FEB 9 1996

THE WHITE HOUSE
WASHINGTON

WR - AFSCME

February 6, 1996

MEMORANDUM FOR CHRIS JENNINGS
DIANA FORTUNA

CC: HAROLD ICKES
LAURA TYSON
CAROL RASCO

FROM: JENNIFER O'CONNOR

SUBJECT: Welfare Reform

Attached is a letter from AFSCME which follows up on our meeting from last Friday. They outline a series of legislative amendments they need in a final package. I spoke with Frank Cowen on Friday and he is comfortable with Chris' strategy for getting them done.

Please let me know what you think.

Tom -

Done
2/13

Please log out to
Bruce Reed - fuji.

Poz



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February 5, 1996

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To: Jennifer O'Connor

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CERTIFICATION THAT THE STATE WILL ADMINISTER PROGRAMS FUNDS PROPERLY AND EFFICIENTLY

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- (2) comparative evaluations of the performance of such contractors, including comparisons of either overall performance or of any particular aspect of contractor operation; and
- (3) program validation survey reports and other formal evaluations of the performance of providers of services.

(B) State agencies must have procedures established whereby providers of administrative and operation services are required to comply with the following disclosure requirements which also must be available for public inspection:

- (1) identity of each person with an ownership or control interest in the provider or in any subcontractor in which the provider directly or indirectly has a 5 percent or more ownership interest; and
- (2) whether any criminal convictions, civil or criminal penalties, or assessments have been imposed upon or assessed against such person.

AFSCME LEGISLATION DEPARTMENT
1625 L Street, N.W.
Washington, D.C. 20036
FAX No. (202) 223-3413

DATE: 2/5/96

TO: Jennifer O'Connor

ORGANIZATION: White House Office of the Chief of Staff

DOCUMENT DESCRIPTION: welfare reform

FAX NO.: 456-7929

FROM: Nanine Meiklejohn

PHONE: (202) 429-1199

NUMBER OF PAGES TO FOLLOW: 8

RESPONSE REQUESTED? Yes No

SPECIAL INSTRUCTIONS:

COMPETITIVE BIDDING -

Those States which choose to contract with charitable, religious, or private organizations shall establish a competitive bidding process, shall determine all costs associated with contract performance including contract administration, and shall compare such costs with the cost of government operation of the program. Any capital expenditures proposed in a competitive bid must be for the sole benefit of the program's recipients.

EXPLANATION OF GOVERNMENT ACCOUNTABILITY AMENDMENT

This amendment is intended to ensure accountability and a level playing field through a federal requirement for a fair and open competitive bidding process if welfare reform converts the current entitlement to a block grant.

The competitive bidding section is critical. It is intended to help avoid arbitrary contracting decisions and ensure accountability to the public for efficiency and effectiveness. It has been revised from an earlier draft to say that all costs must be considered, including government monitoring and supervisory costs, which often are omitted from privatization calculations. In addition, the new language requires a comparison of the cost of direct provision of services by the government with private contractor costs. The section does not set a savings standard, such as 10%, for private contractors to meet. It simply ensures that enough information is available for the public to evaluate privatization decisions.

With respect to the rest of the amendment:

▶ Program Abuse Section

Specifically lists a variety of potential abuses, which probably could be shortened if necessary. Another more controversial approach is to require contractors to comply with various personnel laws, such as the Hatch Act. The intent is for private companies which take on the role of "government provider" to conform to the same rules as public agencies. Also requires that the program comply with federal laws.

▶ State Government Accountability

Part (A) requires performance reviews and formal evaluations of the performance of contractors and public disclosure of these reports. Private contractors will not be subject of FOIA requests. There should be some way to evaluate their activities.

Part (B) requires public disclosure of the names of each person with an ownership or control interest in the provider and of any criminal convictions, criminal or civil penalties.

WR-AFSCME

THE WHITE HOUSE
WASHINGTON

November 13, 1995

Mr. John J. Sweeney
International President
Service Employees International
Union, AFL-CIO, CLC
1313 L Street, N.W.
Washington, D.C. 20005

Dear John:

Thank you for your letter on the importance of providing worker protections as part of welfare reform. I agree that welfare reform is about helping people to work their way out of poverty, not pitting low-income workers off against one another.

As you know, the welfare reform legislation I sent Congress last year, the Work and Responsibility Act of 1994, included strong provisions to prevent displacement. My Administration will make every effort to ensure that the House-Senate welfare reform conference incorporates and strengthens the anti-displacement protections in the Senate-passed bill.

My Administration is also concerned that there be safeguards to ensure program integrity and accountability for federal funds. We would support stronger measures to guard against possible program abuses, including audits of nongovernmental organizations, provisions to safeguard confidentiality, and provisions for competitive bidding.

Secretary Shalala has made these concerns clear in her views letter to the House and Senate welfare reform conferees. We look forward to working with you to see that the conference produces the best possible bill with respect to these and other areas of mutual concern.

Sincerely,

Bill Clinton



OCT 26 1995

The Honorable Thomas A. Daschle
Democratic Leader
United States Senate
Washington, D.C. 20510-4103

Dear Mr. Leader:

We take this opportunity to advise you of the views of the Department of Health and Human Services (HHS) on H.R. 4, a bill "To restore the American family, reduce illegitimacy, control welfare spending and reduce welfare dependence."

The Administration believes strongly in the need for bipartisan welfare reform legislation that promotes work and protects children. We continue to have major concerns with specific provisions in both the Senate and House bills. The Administration's views on the final legislation adopted by the Congress will ultimately depend on whether it promotes the key goals of work, family, and responsibility, and whether it continues to provide fundamental protections for children. The American people want a welfare reform bill that promotes opportunity and demands responsibility; that gives young parents the tools they need to enter the workforce; and that maintains a national safety net for our most vulnerable citizens: our children. While we are committed to passage of a bipartisan welfare reform bill, any legislation must be based on these common values. This letter discusses our concerns in these critical areas.

I. Promoting Work

Real welfare reform is first and foremost about work. The system must provide the incentives and resources for states to get the job done. Real work requirements must be backed up with real resources for job placement, education, and training to help people get jobs and keep them. The link between child care and work is especially critical. A reformed system must provide work-based incentives for states, caseworkers, and welfare recipients themselves. States should be rewarded for moving people from welfare to work -- not for cutting them from the rolls.

(A) Child Care

Ensuring that resources for child care are available is a crucial underpinning of any program that is to be successful in moving parents from welfare to work and ending welfare as we know it. Therefore, the Administration strongly supports the child care provisions in titles I and VI of the Senate Bill, which include \$8 billion in separate, earmarked funds for child care services over five years in addition to the funds authorized in the Child Care and Development Block Grant (CCDBG). These provisions, which also have bipartisan support from the nation's Governors, recognize the critical importance of child care to parents' success in finding and keeping work, as well as the need for

concerned about the resulting effect on the Medicaid eligibility age. The Administration is opposed to making such a fundamental change in the eligibility criteria of the SSI program, especially considering the potentially more far-reaching effects on eligibility to other programs, without consideration and debate.

(B) Drug Addicts and Alcoholics

The Department defers to the Social Security Administration on the provisions prohibiting eligibility for SSI benefits for drug addiction and alcoholism. While the Administration favors the House's substance abuse treatment funding levels, it would be preferable to put the funds into the Substance Abuse Prevention and Treatment Block Grant (as is done in the Senate bill), rather than into the Capacity Expansion Program and medications development research as is done by the House bill. In both bills the treatment money is directly appropriated by this legislation.

(C) Waiver Policy

The Administration supports the language in the Senate bill permitting a state with a waiver, granted under section 1115 of the SSA or otherwise affecting its AFDC program, either to continue operating its family assistance program under the waiver or to terminate the waiver (modifications to section 412 of the SSA). This provision would give states the flexibility to continue some waivers that were granted as part of a demonstration project, while terminating others. As discussed above, the Administration also supports inclusion of the Senate language encouraging states to continue operating under waivers and to evaluate the impact of such waivers. The Administration recommends, however, that the waiver provisions in the Senate bill be amended by dropping the provision to hold states harmless for cost overruns due to terminated waivers.

(D) Displacement Provisions

The Administration strongly supports the provisions in the Senate bill intended to prevent work program participants from directly displacing other workers (the new section 404(e) of the SSA). These displacement protections should be modified to cover contracted workers and should ensure that work programs do not preclude the employment of individuals not participating in work activities. The President's welfare reform plan, the Work and Responsibility Act of 1994 (WRA), included language (section 484(a) of the SSA as amended by the WRA) that addressed this issue. In addition, the Administration strongly recommends the inclusion of language calling for states to establish an impartial and expeditious procedure for resolving displacement complaints.

Welfare recipients may be available to employers at a lower cost, because their wages are subsidized or they are working in exchange for their grants. Anti-displacement provisions are needed to protect employees, regular or contracted, from being unfairly replaced by welfare recipients.

(E) Accountability for Governmental and Nongovernmental Agencies

Under the block grant structure established by the House and Senate bills, a broad range of nongovernment organizations could be engaged in providing significant amounts of taxpayer-funded public assistance to the poor. The Administration is concerned that there be safeguards to ensure

program integrity and accountability for federal funds. We would support stronger measures to guard against possible program abuses, including regular audits of nongovernmental organizations, provisions to safeguard confidentiality, and provisions for competitive bidding.

(F) Consulting with Local Government and Private Sector Organizations

The Administration strongly recommends adoption of the provision in the Senate bill requiring the state to consult with local governments and private sector organizations in designing its Family Assistance program (modifications to section 402(a)(7) of the SSA). Such consultation would be critical to developing a Family Assistance program that is responsive to the particular needs and circumstances of different local areas and that helps recipients in each of these areas to move from welfare into private sector employment.

(G) Disclosure of Receipt of Federal Funds

The Administration opposes the provision in the Senate bill requiring an organization that receives federal funds under the bill to disclose that fact in any advertising intended to promote public support for or opposition to any policy of a federal, state, or local government (section 110). This requirement, which does not apply to recipients of federal funds under other programs, nor to federal contractors, represents an arbitrary and inappropriate mandate on these organizations.

VII. Summary

Together we have made progress in this welfare reform debate. Now Congress has an historic chance to reach a bipartisan agreement to end the current welfare system and replace it with one that is tough on work, tough on responsibility, and fair to children. A bill that honors those values will be acceptable; a bill that is weak on work and tough on children will not be. The Administration calls on the conferees to put politics aside and help give the American people a government that honors their values by making welfare a second chance and responsibility a way of life.

The Office of Management and Budget has advised that there is no objection to the transmittal of this report from the standpoint of the Administration's program.

Sincerely,

A handwritten signature in black ink, appearing to read 'D. Shalala', with a long horizontal flourish extending to the right.

Donna E. Shalala

October 6, 1995

The Honorable William J. Clinton
The President
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. President:

We are writing to alert your attention to certain aspects of the current welfare reform bills that will have disastrous consequences for a significant share of our memberships. The jobs of more than 125,000 of our members are directly at stake, while those of another 300,000 are at risk unless vital changes are made in the legislation during the conference process.

Although we favor some of the changes made in the Senate-passed welfare bill, including additional funds for child care and the elimination of the family cap, we ardently oppose the provisions to turn over administration of the welfare programs to religious, charitable, or other private sector organizations. SEIU and AFSCME represent approximately 125,000 social service workers throughout the country who administer an array of social benefit programs, including AFDC, child welfare, SSI, and food stamps. These workers are committed to providing their clients with efficient, high quality services, free from the influence of a particular religious or political ideology.

Under current welfare law, the public sector administers functions such as eligibility determinations which involve discretion in the use of public funds for public benefits. Public benefits systems, such as AFDC and food stamps, were implemented because private and charitable organizations could not provide universal access or adequate assistance for the poor. Because of the large sums of federal money flowing to the states under these benefit programs, Congress required that public employees working in these systems be covered by merit system protections, and thus be free from political or other influence in carrying out their jobs. These merit systems were regarded as the least intrusive way for the federal government to ensure the integrity of the federal taxpayers' money:

William Clinton
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October 6, 1995

"Experience has proven that such action on the part of a State eliminates the necessity for detailed Federal scrutiny of its operations and places Federal-State relationships on a more stable and automatic basis. Furthermore, it safeguards public funds--State as well as Federal--against inefficiency and waste." (Statement of Arthur J. Altmeyer, Chairman, Social Security Board, Before the House Ways and Means Committee; February 2, 1939.)

Without these merit system protections, there is no guard against corruption or abuse in the expenditure of public funds. Yet, the welfare block grants would do away with the merit system protections even though vast sums of federal money will continue to flow to the states. As a result, all kinds of nongovernmental organizations would become eligible to exercise enormous discretion in the use of public tax dollars. We are especially concerned about the administration of these programs by extremist religious groups or unscrupulous private contractors without accountability to the public.

In order to guard against these occurrences, the conferees should ensure the continuation of these merit system requirements where they exist in all of the programs affected by the welfare reform bills. This is the only way that the public can be assured that their tax dollars are being spent in the manner they were intended. Religious and other private sector groups, which are not covered by merit system protections, simply cannot deliver the same degree of accountability or universality as public employees. Furthermore, it is essential that there be federal requirements ensuring against corrupt and inefficient contracting practices and providing public disclosure in any contracting process under federal programs.

The other crucial matter we wish to bring to your attention is that this legislation will make existing low-wage workers more vulnerable to displacement. According to estimates by the Department of Health and Human Services, 1.0 to 2.3 million welfare recipients will be forced to participate in work requirements by

FY2000. Since these stringent work requirements are not coupled with any job creation measures, the stage is set for large-scale displacement of existing workers.

The Senate bill includes language to protect currently employed workers from being directly replaced with individuals from the welfare rolls. The conferees must incorporate the Senate anti-displacement protections and add an enforcement procedure to make the protections meaningful.

Neither the House nor the Senate bills, however, address the issue of creating an even playing field for low-wage workers forced to compete with welfare clients for available job openings. According to the legislative proposals, employers may use unpaid welfare workers to fill their employment vacancies. In addition, employers may take on welfare recipients at subsidized wages when a vacancy occurs. As a result, the legislation creates massive incentives for employer-driven low-wage turnover.

AFSCME and SEIU represent hundreds of thousands of members throughout the nation who work as janitors, nurses aides, home care workers, school cafeteria employees, and park aides. These are jobs that are typically low-paying, require limited skills, and experience high turnover. They are exactly the kinds of jobs that states will look to for placing welfare clients.

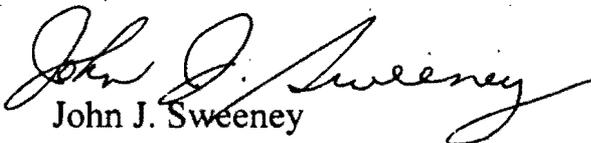
We are deeply concerned that employers will take on welfare recipients -- who may be forced to work at subminimum wages in exchange for benefits -- instead of retaining and hiring low-wage workers struggling to maintain their economic independence. A race to the bottom will result, with low-wage workers essentially locked out of the job market, unable to compete for vacancies against these "bargain" welfare clients. Ironically, the lack of low-wage worker protections will have the unintended consequence of creating a new population of welfare recipients -- whose only chance for getting a job is through joining the welfare rolls.

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Contract workers in particular -- including SEIU's 100,000 members employed in building services -- would be especially vulnerable to undercutting wage competition upon the expiration of their employers' contracts. Building service contractors would be free to replace their existing, unionized workforce with welfare clients earning subminimum wages. To avoid this occurrence, we are asking you to work to include language to give these contract workers and other low-wage workers a fair chance to retain their jobs. It is imperative to eliminate incentives for employers to keep the low-wage labor market churning. Language in the administration's welfare reform proposal, the Work and Responsibility Act of 1994, which was worked out with both our unions, would effectively address this problem.

As the House and Senate conferees work to develop a compromise bill, we are counting on you to exert considerable influence in these areas of utmost importance to SEIU and AFSCME. We would like to meet with you soon to further discuss these issues. Thank you in advance for your efforts on our behalf.

Very truly yours,



John J. Sweeney
International President
Service Employees International
Union, AFL-CIO, CLC



Gerald W. McEntee
International President
American Federation of State, County
and Municipal Employees, AFL-CIO

THE WHITE HOUSE
WASHINGTON

WR-AFSCME

March 7, 1996

MEMORANDUM FOR LEON PANETTA
ALICE RIVLIN
JOHN HILLEY

CC: KEN APFEL
BRUCE REED
JOHN ANGELL
JENNIFER O'CONNOR

FROM: HAROLD ICKES *(Signature)*

SUBJECT: WELFARE REFORM

When I was in Bal Harbour for the AFL-CIO's Executive Council meeting, several International union presidents raised with me the need for specific language regarding worker displacement and state accountability in any final welfare reform package. They have forwarded the specific language to us. I understand that today Ken Apfel, Bruce Reed, John Angell and Jennifer O'Connor met with these unions' staffs to discuss strategy for trying to get some of this language included in the packages under development on the Hill.

This issue is critical to these unions, namely AFSCME, SEIU and to the AFL-CIO in general. They face enormous difficulty if states are encouraged to fill vacant jobs with welfare workers; they are working with various members on the Hill to try to achieve language that would establish conditions for filling job vacancies, protect contract workers, and protect collective bargaining agreements. In addition, they feel it is critical that if the entitlement is eliminated, there be state accountability measures such as audit procedures and competitive bid requirements.

I am told that at today's meeting between White House staff and union staff, the union staff expressed concerns that they have been told by Members of Congress to whom they speak that the Administration has not tried to be helpful on these issues -- that these issues are not "on the Administration's list." While we can't guarantee any outcome, and while it may be impossible to achieve what the unions are requesting, I very strongly urge that we need to make a real and visible effort with Members of Congress, to try to accomplish some form of the unions' needed provisions. If in the end we fail to achieve these changes, it is important that we tried hard, along with the unions, rather than appeared to give in too early in the game.