

October 18, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: New York Welfare Reform Waiver

A. The Clinton Record on Welfare Reform Waivers

1. 19th State: New York is the 19th state to receive a welfare reform waiver since you took office. In 20 months, you have awarded welfare reform waivers to more than twice as many states as Bush did in four years (he gave waivers to 9 states) and more even than Reagan did in 8 years (his total was 16 states).

2. Bipartisan Approach: You have awarded these waivers without regard to party. In 8 of the 19 states, the governor who requested the waiver was not a Democrat (7 GOP, 1 Independent — Weicker). In other words, you have already given out nearly as many waivers to governors outside your party (8) as Bush did in his entire term (9).

B. The New York Waiver

This waiver will allow New York to conduct a four-county demonstration of its "Jobs First Strategy," which will test new ways to steer new applicants toward work instead of welfare. This program will offer applicants the choice of child care in lieu of welfare, so they can go to work instead of going on welfare. Like our welfare reform plan, it will increase asset limits for people who work or start a small business. It encourages people to cooperate with child support by providing a year of transitional child care for recipients who leave the welfare rolls because of child support payments. It encourages marriage and family by expanding eligibility for needy two-parent families, and by extending two years of Medicaid coverage for children whose parent marries but remains below 150% of poverty.

Like our plan, the New York demonstration is designed to change the culture of the welfare office by steering people immediately toward work, and by helping them make it in the workplace — where they can earn a paycheck, not a welfare check. Although their plan does not include a time limit or work requirement — you may recall some exchanges on that issue during the campaign — it promotes the same basic themes as ours: work, responsibility, and family. When we introduced the Work and Responsibility Act, Cuomo sent you a letter praising it as "a laudable proposal for achieving our shared goals."

In New York City, Giuliani has just announced a major workfare program for Home Relief recipients. It would detract from Cuomo's event to mention Giuliani's somewhat controversial proposal, but you should praise him for his bipartisan interest in welfare reform.

One other New York note: Moynihan has called on two separate occasions to stress that the out-of-wedlock birth rate is expected to grow from 30% to **40%** over the next decade -- **not 50%**, as you have sometimes said. If the rate continues to grow exponentially, it may well go that high over the next decade, but since no expert in the field is currently projecting that to happen, Moynihan would prefer you to stick to the defensible 40% rather than the theoretical 50% figure.

EXECUTIVE OFFICE OF THE PRESIDENT

17-Oct-1994 05:18pm

TO: David M. Kusnet

FROM: Bruce N. Reed
Domestic Policy Council

SUBJECT: New York Welfare Waiver

NY SPEECH HIGHLIGHTS

This forum is about new partnerships -- b/w govt and business, between the national govt and the states, b/w a country and its citizens.

We have to forge these new partnerships because the old way of doing things no longer works in a world that is changing so fast. We can't expect government to solve all our problems, for two reasons: First, government can help, but we the private sector and individual effort are the real engine of economic growth today. Second, none of the changes we're fighting for in government will be enough unless each and every one of us takes responsibility for our own lives and makes the necessary changes from the inside out.

We also know that the solutions to our problems won't come from Washington; they'll come from states and communities and individuals at the front lines. Like your governor, I spent 12 years as governor of a state, dealing with tough problems. When you're a governor, you can't play the kind of political games that so many in both parties like to play down in Washington. You have to balance budgets and cut spending and deliver a government that works better and costs less. When you're a governor, you can't just go out every day and make campaign speeches -- if you make a promise, you have to pay for it. When you're a governor, you have to look beyond the politics and the party labels and focus on getting things done.

Mario Cuomo has always been a governor who gets the job done, and I think that's the kind of leader people want in government today.

The American people aren't looking for Republican solutions or Democratic solutions. They're crying out for us to put aside the partisan bickering, roll up our sleeves and get to work solving real problems of real people.

That's what Gov. Cuomo has tried to do in New York State. That's what Mayor Giuliani is tried to do in New York City. And that's what I've tried to do in Washington.

On issue after issue, the question before us is how to rise up to this challenge and take responsibility for doing the business the people hired us to do.

Earlier this week, I spoke to hundreds of police chiefs meeting in New Mexico. Your Commissioner, William Bratton, who's doing such a great job here, was there. (Last week I received a real NYPD detective badge with my name on it from the Department, and I told the head of your detectives association, Tom Scotto, so that now, after 2 years, I finally have an excuse for all the traffic I stop when I come up here.) Those chiefs could care less about the politics of the crime issue. Over the last decade, they heard all the tough talk from politicians they could stand. The reason they fought hard for the crime bill is that it gives them the tools they need to make our streets safe again. The most important thing I said to them was that we will never make progress against crime in this country if we let crime become a partisan issue.

Your Mayor, Rudy Giuliani, understands that. He stood up to withering pressure from some in his party to support the crime bill, because he knew it was a good bill that would help make people in his city safer. Your governor understands that, too. He's built more prisons and made this state a national leader in boot camps for first-time offenders to give young people the discipline they need to avoid a life of crime.

The best thing about that crime bill is how we paid for it -- not with new taxes or cuts in necessary services -- but by reducing the federal bureaucracy by 272,000 positions, to its lowest level since John Kennedy was President. And we use every last dollar we save to help communities fight crime -- because the war on crime won't be won by bureaucrats in Washington, it will be won by police and prosecutors and parents here on the front lines of the battle.

Your fine Senator, Daniel Patrick Moynihan, knows that if we're going to make progress in this country, we've got to move beyond party lines. (MORE TO COME)

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

17-Oct-1994 05:32pm

TO: David M. Kusnet

FROM: Bruce N. Reed
Domestic Policy Council

SUBJECT: More NY Stories

Your fine Senator, Daniel Patrick Moynihan, who has served in Democratic and Republican Administrations, understands that the challenges we face as a nation go beyond mere party. When we worked on the Family Support Act together, he gathered nearly unanimous bipartisan support.

EXECUTIVE OFFICE OF THE PRESIDENT

17-Oct-1994 06:12pm

TO: David M. Kusnet

FROM: Bruce N. Reed
Domestic Policy Council

SUBJECT: Still more NY stories

Every day, the children of this country pay a terrible price for the breakdown of the family that Senator Moynihan warned us all about 30 years ago. Today, 30 percent of the babies born in America are born into families where there is no marriage -- and if things don't change, the number could rise to 40 percent by the end of the decade.

That is why my Administration has pushed so hard to reform our nation's welfare system. Last year, we passed a tax cut for 15 million families that for many will mean the difference between going on welfare and going to work. We introduced a sweeping welfare reform plan to reduce teen pregnancy, toughen child support enforcement, and move people from welfare to work. It hasn't passed yet, but it will.

In the meantime, we've got to spur on the revolution that is already happening at the state level. That is why over the last 20 months, my Administration has granted welfare reform waivers to 18 states -- more than the Bush administration granted in four years, and more than the Reagan administration granted in eight years. We've given waivers to nearly as many Republican governors as Democrats; I've even said I would consider waivers for experiments that I wasn't sure would work, because I think Washington has got to let the states be the laboratories of democracy that our founders meant them to be.

Today, I am happy to announce that we're going to add another state to our list. Today, my Administration is granting New York State a waiver to expand its innovative plan for welfare reform.

This waiver will help 21,000 families around the state leave welfare or keep from going on welfare in the first place. It will steer people away from the welfare rolls by helping them get the child care or child support they need to make it on their own. It will require upfront job search to move those who are job-ready directly into work. It will provide incentives for children to remain in school, and require teenagers who seek assistance to live at home with their parents, not reward them with a welfare

check for leaving home. Like our reform plan, it is built on the basic principle that parents need to take responsibility for their children and individuals need to take more responsibility for their own lives, and that people on welfare who can work, ought to go to work.

With ideas like this, and the national reform debate Congress will have next year, we really can end welfare as we know it, and restore the basic values of work, responsibility, and family. This isn't a partisan issue -- Mayor Giuliani is pushing for it here in NYC, Gov Cuomo is pushing it in Albany, Senator Moynihan is leading the fight at the national level -- and the overwhelming majority of Americans are for it, without regard to party.

But let me tell you, my friends, government cannot do this alone. We can hire more cops and require people on welfare to work and improve our schools, but we will never turn this country around unless every American does their job, too. ETC ETC ETC

NEW YORK - Jobs First Demonstration**Description**

The demonstration is to be implemented in Broome, Onondaga, and Erie Counties and in Brooklyn. The waivers will affect approximately 21,000 families. Phase I of Jobs FIRST seeks to divert applicants from going onto the AFDC rolls by exploring four alternatives:

- o providing child care and/or a cash payment for one-time work-related expenses to help an applicant retain or regain employment;
- o pursuing Supplemental Security Income eligibility where the applicant clearly appears to suffer from a chronic, disabling health condition that would preclude a job;
- o accessing to other income supports such as child support payments; or
- o requiring immediate job search and participation in other job readiness training not now allowed under current law, or referring applicant to transitional/permanent employment if the applicant is job-ready.

If alternatives under phase I are not applicable, approved AFDC recipients will enter phase II of the program which is designed to promote self-sufficiency by:

- o removing existing barriers to employment, such as health problems or educational deficits, and allowing applicants and recipients to participate in employment and training activities longer than the current maximum;
- o establishing paternity early and obtaining child support as soon as possible, including assignment of non-custodial parents to JOBS activities if they are unable to provide support;
- o requiring pregnant teenagers to live with parents as a condition of eligibility; and
- o providing incentives for children to remain in school.

Phase III aids recipients in leaving welfare for full-time work by providing a variety of different services on an individual case basis. It would also provide for:

- o changing income reporting guidelines to eliminate the quarterly recertification for transitional medical assistance benefits; and

- o allowing transitional child care to AFDC cases closed due to child support, provided they are otherwise eligible.

The demonstration also incorporates a number of additional provisions, including:

- o consolidating and streamlining Food Stamp and AFDC eligibility requirements such as:
 - raising AFDC asset limits for vehicles and liquid assets to Food Stamp program levels;
 - applying the public assistance \$50 child support pass-through to Food Stamp budgeting; and
 - removing the assets test for recipients who are employed for an average of at least 30 hours per week.
- o removing deprivation as a basis for AFDC eligibility, basing eligibility solely on need; and
- o allowing certain disregards of cash and assets for future business and entrepreneurial ventures designed to move recipients off of welfare.

Status

Application received June 7, 1994

Proposed implementation date: not specified



ISSUE

The New York Department of Social Services has applied for waivers under section 1115 of the Social Security Act for a demonstration project titled "A Jobs First Strategy." The demonstration authority is requested for a 5-year period, beginning April 1, 1995.

BACKGROUND

The "Jobs First Strategy" demonstration would be implemented in sites in 4 counties. It is designed to test a number of techniques for diverting new applicants for AFDC into work in lieu of enrollment in the AFDC program. These techniques would allow the State to provide expanded one-time payments for emergencies related to employment, to offer applicants otherwise eligible for AFDC the option to take child care or JOBS services in lieu of AFDC, and to require applicants to engage in JOBS-like activities other than job search during the application process. Effects by recipients to establish microenterprises would be encouraged by expanding resource and vehicle limits for business use and expansion. Encouragement for applicants to cooperate with child support would be fostered by allowing assignment of unemployed non-custodial parents to JOBS, providing a full year of transitional child care to employed recipients who leave the rolls because of child support payments, and by disregarding for Food Stamp benefit calculation purposes the first fifty dollars of child support received. The demonstration attempts to encourage family stability and formation by disregarding a portion of a new spouse's income in the calculation of benefits for the children (to be phased out over a two year period), and by expanding the definition of deprivation to include needy two-parent families. Resource limits for AFDC families are increased to the level of Food Stamps and for recipients working at least an average of 30 hours per week the assets test will be eliminated including for three months after employment ceases. In order to encourage participant responsibility, recoupment of overpaid training-related expenses (TRE's) and other JOBS support services (including child care) from the AFDC payment is permitted.

Finally, Medicaid coverage is extended 2 years for children whose caretaker marries, if the household's income remains below 150 percent of poverty.

EVALUATION AND COST NEUTRALITY

The State is prepared to meet the requirements of a rigorous evaluation and Federal cost neutrality that have been established for all welfare reform projects.

DISCUSSION

The proposed demonstration project would be a positive program,

designed to support the formation and maintenance of two-parent families, encourage cooperation with child support collection efforts, and provide additional support while AFDC families pursue employment and self-sufficiency efforts. It would focus on pointing new applicants toward employment from the beginning of the application process and in meeting their support needs in ways other than enrollment in the AFDC program, to the extent possible. It would do this by allowing families that might apply for AFDC in order to qualify for certain other benefits, child care and JOBS services in particular, to obtain these benefits without AFDC enrollment. The demonstration would test the idea that up-front focus on employment ("jobs first") and intensive support for working recipients will result in faster achievement of self-sufficiency.

Implementation of "A Jobs First Strategy" would provide important information on a combination of changes to the public assistance programs designed to increase the employment, earnings, and self-sufficiency of AFDC families. In some sites, the "Jobs First Strategy" will not only be tested for effect by itself, but will also be tested in combination with the CAP program, for which the State currently has waivers and which preliminary data show to be an effective set of techniques for increasing labor market participation. It will also provide important information regarding the effect of the changes on family formation and maintenance and the amount of child support received by families on AFDC.

Two advocate organizations submitted comments on "A Jobs First Strategy." The Greater Upstate Law Project was supportive of the demonstration, but raised several objections to elements of it. The most significant of these objections are to broadening the JOBS activities in which an applicant may be required to engage, and recouping support services overpayments by offsetting the AFDC grant.

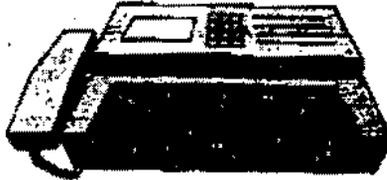
In addition, Legal Services for New York City argued that the added burden on case workers presented with the provisions of this demonstration would result in first priority being given to diverting applicants away from the rolls, rather than alleviating their income needs, resulting in a delay in delivering assistance.

However, each of these elements is consistent with the basic thrust of the demonstration to provide greater incentives, and requirements, for employment as an alternative to public assistance, while meeting the income needs of AFDC recipients. Thus, not having an effective means for recouping overpaid JOBS support services undermines the credibility of self-sufficiency efforts and encourages recipients not to take these efforts seriously. New York's recoupment of such overpayments would be procedurally and substantively consistent with recoupment of AFDC payments. As such, it will conform to all due process requirements related to reductions in AFDC payments and would be

consistent with section 402(a)(22)(A) limitations on the amount that can be recouped in a given month. Similarly, increasing targeted options for individuals and the State to enhance employment over welfare receipt, such as allowing for activities other than job search prior to a formal assessment and allowing recipients to opt for child care rather than AFDC, are reasonable and consistent with the basic premises of the proposed demonstration and the purposes of the Social Security Act. The State's proposal is well-balanced providing increased incentives and requirements for self-sufficiency while continuing to provide income support for families.

New York State Department of Social Services

Office of Communications



Facsimile Transmittal Form

For Immediate Delivery To:

Name: Bruce Reed

Date: 10/17/94

From: Mardi J. Massaroni
Director of Communications

This facsimile transmission may contain *confidential* or *privileged* information which is intended only for use by the individual or entity to which the transmission is addressed. If you are not the intended recipient, you are hereby notified that any disclosure, dissemination, copying or distribution of this transmission is strictly prohibited. If you have received this transmission in error, please notify us by telephone immediately so that we can arrange for the return of the documents to us at no cost to you.

Comments and Special Instructions:

attached, FYI, is general
background. the commissioner
will be in touch with you
tomorrow morning with
additional info

Transmission Includes 5 Pages (Including This Page)

If there are any problems, please call Donna at (518) 486-7545.

This year in New York, we will undertake the most sweeping reform of the welfare system in decades. At the heart of these reforms lies the core truth that futures are built on work, that a job -- any job -- is the beginning of hope for success.

We will change both the way the welfare system treats people who come to it for assistance, as well as our expectations of those who accept the assistance. We call this change "Jobs First."

"Jobs First" will change the emphasis and the focus right at the beginning of the process. Its prime tenet is that the best, wisest, and most compassionate way to help those in need is to connect or re-connect them to the labor force as quickly as possible . . . and to do it whenever possible without engaging AFDC or HR.

In this initial stage some applicants will be diverted from the welfare system.

Those who are not diverted will enter a "Jobs First" welfare system that looks, feels and is different from the welfare system as it is today. At no time will it be enough for anyone to be merely a passive recipient of cash benefits.

Each person who enters the system will undergo a comprehensive assessment to identify service needs, personal strengths and skills, and barriers to employment. After the assessment, an individualized self-sufficiency plan will be developed that clearly lays out a strategy which may include education, vocational training, counseling, child care or obtaining a child support order. The plan will clearly delineate the time frames for these activities, and will include periodic job searches to ensure that participants get connected to the labor force as quickly as possible.

This plan will become the basis for a self-sufficiency contract that will be mandatory for everyone who enters the public-assistance system.

A job will be the ultimate goal. Everything else -- education, training, counseling, day care -- is but a means to that end.

Welfare Reform in NYS

o New York is the nation's leader in reforming welfare. In New York, public assistance recipients who can work must accept jobs that are available, or enter training and education activities designed to prepare them for work. New York was the first to establish the principle that welfare is temporary, providing transitional assistance until recipients can work. Congress looked to New York's innovative approach as the model for national welfare reform. The directions outlined in New York's 1986 report, "New Social Contract," provided the basis for federal JOBS legislation that was enacted in 1988. New York was one of the first states to aggressively promote the idea of a contract between public assistance clients and the government, with the understanding that there are expectations and obligations on both sides.

o Many states are simply reducing or eliminating public assistance benefits for many of their poor citizens, and calling it welfare reform. These measures may be expedient when budgets are tight, but will they save money in the long run? In New York, we have molded a comprehensive employment and training strategy that has placed more than 400,000 public assistance recipients in unsubsidized jobs. That's real welfare reform.

o New York's Child Assistance Program is welfare reform at its best. CAP provides work incentives that give welfare recipients a real opportunity to escape poverty and the welfare system. The Ford Foundation presented its prestigious award for innovation in government to the CAP program.

-more-

-2-

o This year in New York, building on CAP, we are undertaking the most sweeping reform of the welfare system in decades. At the heart of these reforms lies the core truth that futures are built on work, that a job -- any job -- is the beginning of hope for success. We call this change "Jobs First."

"Jobs First" changes the emphasis and the focus right at the beginning of the process. Its prime tenet is that the best, wisest, and most compassionate way to help those in need is to connect or re-connect them to the labor force as quickly as possible, and to do it whenever possible without engaging AFDC or HR. In this initial stage some applicants will be diverted from the welfare system. Those who are not diverted will enter a "Jobs First" welfare system that looks, feels and is different from the welfare system as it is today. At no time will it be enough for anyone to be merely a passive recipient of cash benefits. A job is the ultimate goal. Everything else -- education, training, counseling, day care -- is but a means to that end.

o Women with young children are one of the largest groups in the welfare population. Because of the children, these women were exempt for a long time from employment and training requirements. To deal with this, New York created the CEOSC program in 1986, the first program of its kind in the country to address the employment needs of women with young children.

o New York also was the first state to provide extensive parenting education and support services to pregnant and parenting teenagers on welfare, through the Teenage Services Program (TASA).

-more-

-3-

o More than any other state, New York has used grant diversion, paying private sector employers a subsidy for hiring and training welfare clients. We have also used organizations like America Works, a private sector company that has been very successful in finding jobs for welfare recipients.

o New York has been a leader in efforts to collect child support from absent parents. New York was one of the first states to intercept tax refunds and lottery winnings of delinquent non-custodial parents and to withhold wages from those who failed to pay their child support. New York was the first state to have a statewide automated system for child support collection.

o An anti-fraud program was launched by New York and surrounding states at Gov. Cuomo's request has identified more than 4,200 people who apparently collected welfare benefits in more than one state. Responding to Governor Cuomo's request, the five states joined New York in sharing the names, ages and Social Security numbers of welfare recipients, enabling the computer systems that process public assistance benefits to spot welfare double-dippers.

o This year, Governor Cuomo asked the Legislature to expand the state's finger imaging program to prevent welfare fraud. As a result, every county in the state now has permission to establish finger-imaging programs. Most of the counties in the state are participating in the program. Finger imaging will help keep people who don't qualify for assistance off the welfare rolls, and will increase public confidence in the system. Everyone except those trying to defraud the system benefits from the program.

665705

10/19/94, 5:30 pm

The President of the United States
Conference on "A Partnership for Growth"
New York, N.Y.
October 19, 1994

When I travel this country, I ask for briefings on the major political players in the state I'm visiting. For this event, my staff got me this scouting report from the Pittsburgh Pirates on a promising young center fielder from St. John's University.

Here is what that scouting report said about Mario Cuomo: "Potentially the best prospect on the club, and, in my opinion, could go all the way if he improves his hitting to the point of a respectable batting average. He is aggressive and plays hard. he is intelligent...Not an easy chap to get close to but is very well-liked by those who succeed in penetrating the exterior shell. He will run over you if you get in his way."

In short, Mario Cuomo is a New Yorker through and through, tough and caring. And let me tell you how much Mario Cuomo cares about New York: He passed up the chance to come to Washington, so that he could continue to work for the state he loves so much.

Here in the heart of New York, it is appropriate to talk about how we can work together to take responsibility for the future. For people who have the courage to move forward to build better lives, New York has always been the gateway to the American Dream.

You gave America the spirit that says: You don't have to settle for things as they are. If you study hard, work hard, and aim high, you can reach the fullest of your God-given potential. And we all will do better if we reach beyond our differences and work together.

That idea inspires New Yorkers from 179 racial and ethnic groups to live and learn and work together. It inspires the productive partnerships that bring together business, labor, the city and state and federal governments, and ordinary citizens, their families, and their communities.

It is the idea that a great New Yorker, Franklin D. Roosevelt, gave our nation at the depths of the Great Depression -- that, through "bold, persistent experimentation," we could make America work for ordinary people again. And, most important of all, it is the idea that inspires generation after generation New Yorkers have passed along from generation to generation -- to seize their opportunities and shoulder their responsibilities.

Governor Cuomo calls it "the New York idea." It is the American idea. It is at the center of everything we are doing to move this country forward.

For some time now, that idea has been at risk. For almost 30 years, as Senator Moynihan has warned us, there has been a breakdown of families and communities throughout our country. For 20 years, our working people have been working longer and harder just to stay even in the global economy

And, for twelve years, my predecessors tried trickle-down economics: Tax breaks for the wealthiest Americans. Higher taxes on the middle class, a quadrupled deficit, and American jobs going overseas. In their last four years, America had the worst job growth since the Great Depression. New York State alone lost more than half a million provide sector jobs during those years.

Through what Governor Cuomo calls "fend-for-yourself federalism," our states and cities were abandoned without national resources to deal with national problems, from crime and violence, to housing and health care. *can't double funds*
partly labels next things done.
when you're - you you have to look beyond
help
The people hired me to *change* all that. We're moving beyond the old idea of a national government that tries to solve all your problems for you and the past twelve years of government that ignores your problems. We're moving forward to a national government that works in partnership with our states and cities, and empowers our people to build good lives on their own.

As we ask ordinary Americans to assume greater responsibility, we have to put our economic house in order. That is why we are making historic deficit reductions -- \$255 billion in federal spending cuts. We did raise tax rates on the wealthiest 1.2 percent of Americans, but we cut taxes for 15 million working Americans. In New York State alone, only the wealthiest 148,562 taxpayers had higher income tax rates. And 890,568 working families with children had tax cuts to encourage them to continue working, instead of going on welfare.

When I presented this economic program, the same folks who exploded the deficit in the '80s said the sky would fall.

So what happened? Well, for the first time since President Truman, we're bringing the deficit down for three years in a row. For the first time in ten years, America was voted the most productive country in the world by the annual Panel of International Economists. We have 4.6 million new jobs in America in the last 20 months, more than 90% of them are in private business and more than 100,000 here in New York.

We have a long way to go, but, at last, we are moving in the right direction. And we're doing it with less government that

a lot of taxpayers
(6x)

does more for ordinary citizens. We're cutting the federal payroll by 270,000 to its lowest level since President Kennedy.

As we move towards the 21st Century, America will have to empower the people to build good lives for themselves.

That is the idea behind the family leave law, which, in New York alone, provides extra protection for 3.1 million working people so they can succeed as workers and parents; immunization for all American children under the age of two by 1992, so two million kids will have a better chance at a better life; apprenticeships for young people who aren't going to college, so every American can have a chance to train for a good job in the 21st Century economy; and college loans, affordable at low interest rates, for 20 million Americans -- almost 2 million right here in New York -- so that no young person should ever decline to go to college because of the cost of a college education. That is why, to help communities help themselves, we've created empowerment zones and community development banks.

We have much more to do. Congress should have passed health care reform, instead of watching while another million Americans lost their insurance coverage, costs rose faster than inflation, and more families lost the right to choose their doctor. And we need to change the system of Medicaid reimbursement and lift the unfair burden on states like New York that have high per capita incomes but also have large numbers of poor people.

For people to build better lives, they have to be secure when they go to school and to work. I will never forget the immigrant father I met two years ago in a hotel here in New York. He had brought his family to America for freedom and opportunity. But he said his son was not free because every day he had to walk through a gauntlet of drug dealers on the way to school. And he pleaded with me: "Please make my son free."

That is why we fought so hard to pass the Brady Bill and the Crime Bill, with three strikes and you're out, a 20 percent increase in the number of police officers on the beat, 100 thousand more prison cells to hold serious offenders, and prevention programs to give young people a chance to avoid a life of crime.

The Crime Bill is a perfect example of partnership with our states and cities. We are cutting the federal bureaucracy by more than 270,000 and giving every last dollar back to our local communities, so that they can fight crime the best ways they know how. And we are working with leaders from both parties, like Governor Cuomo and Mayor Giuliani, who helped to make sure the Crime Bill was not the victim of election-year partisanship.

Schumer

When we were working on the Crime Bill, Mayor Giuliani and Commissioner Bratton said: "Give us more flexibility, so we can not only hire more police but use new technologies, overtime, and support staff to expand community policing and increase the police presence right away."

We listened to them and wrote that flexibility into law. That means 25 communities across the state have hired hundreds more police officers. And New York City can automate its booking systems and free more than 300 officers to patrol the streets.

And partnership means your national government is learning from you. Governor Cuomo built one of the largest and most effective networks of boot camps for nonviolent first offenders. They combine military-style discipline with drug treatment, and help people put their lives back together. That makes sense, and the Crime Bill helps us do it around the country.

We are beginning to restore the fabric of community. But we must restore the dignity of work and the strength of our families, because they are essential to strong and secure communities.

At the depths of the Depression, President Roosevelt expressed this concern about the welfare system: "The lessons of history, confirmed by the evidence immediately before me show conclusively that continued dependence upon relief induces a spiritual and moral disintegration fundamentally destructive to the national fiber. To dole out relief in this way ... is ... a subtle destroyer of the human spirit."

Every day, the children of this country pay a terrible price for the breakdown of work and family and community that President Roosevelt prophesied almost sixty years ago and Senator Moynihan warned us about almost 30 years ago. Today, 30 percent of the babies born into America are born into homes where there is no marriage, *and that could rise to 40% by 2010 in a decade.*

That is why we are working so hard to reform the welfare system. Our tax cut for 15 million working families will make the difference for many between going on welfare or going to work. We introduced a sweeping welfare reform plan to reduce teen pregnancy, toughen child support enforcement, and move people from welfare to work. Next year, Congress ~~must debate and decide~~ *we will push to pass* our plan.

In the meantime, we're going to spur the revolution that is already happening in the states. Over the last 20 months, we have granted welfare reform waivers to 18 states -- more than our predecessors granted in eight years. We've granted waivers to nearly as many Republican and Independent Governors as Democrats.

Washington has to let the states be the "laboratories of democracy" that our Founders meant them to be.

Today, I am proud to announce that our Administration is granting New York State a waiver to expand its innovative program for welfare reform. It will help 21,000 families around the state leave welfare or keep from going on welfare in the first place. It will require that those on welfare actively look for jobs. It will help people get the child care or child support they need to make it on their own. It will provide incentives for children to remain in school. And it will ~~require teenagers who seek assistance to live at home with their parents, not reward them with a welfare check for leaving home.~~ *reward these people who make a use of that the small base, to get off*

We need to bring back common sense and common decency: Parents need to take responsibility for their children. People need to take responsibility for their own lives. And people on welfare who can work, ought to go to work. *so they can get off W for good*

We really can end welfare as we know it, and restore work, responsibility, and family. Mayor Giuliani is pushing for welfare reform here in New York City. Governor Cuomo is pushing for it in Albany. Senator Moynihan is leading the fight in Washington. And the overwhelming majority of Americans -- from every background, every walk of life, and every point on the political spectrum -- are for it. This isn't a Democratic priority or a Republican priority; it is an American imperative.

Let me tell you, government cannot do this alone. We can cut the federal deficit, improve education and training, hire more police, and put people on welfare to work, but we will never turn this around unless every American does their part.

If parents teach their children the difference between right and wrong, if young people watch less TV and do more homework, if working people seize the opportunities to learn new skills, if business people answer the challenge to invest in America, the New York idea will prevail -- and the American experiment will succeed. And we will prove ourselves worthy of the heritage that was handed down by those who went before us. The choice, as always, is ours.

-STORY-