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Press
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DEPARTMENT OF HEALTH & HUMAN SERVICES

A fax message from:

Melissa T. Skolfield

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To: Bruce Reed

Fax: 436-7431 Phone: _____

Date: 5/26/94 Total number of pages sent: 7

Comments:

May 26, 1994

TO: David Ellwood
Mary Jo Bane
Bruce Reed

FROM: Melissa Skolfield

Attached for your review and approval is another rollout document: the five-page summary of the plan. I'd appreciate getting your comments and edits by Tuesday, May 31.

As you know, this is designed to be a multi-purpose and widely used document, intended to present the overall plan simply and succinctly (i.e., in five pages or less). It is written to appeal to a number of different audiences: reporters, the general public, members of Congress, governors, and others. It is urgently requested by ASL and ICA.

When reading this first draft, please remember that it will be used in conjunction with longer fact sheets on issues such as child care, child support, and the JOBS program - so it is not intended to be an all-inclusive summary. Also, please review it for content rather than presentation -- I'm thinking about a cover sheet with quotes from the President's announcement speech, but we can discuss that later.

Edits can be faxed back, or feel free to call me anytime.
Thanks.

WELFARE REFORM: ENCOURAGING WORK

Under the President's reform plan, welfare will be about a paycheck, not a welfare check. To reinforce and reward work, our approach is based on a simple compact. Support, job training, and child care will be provided to help people move from dependence to independence. But after two years, anyone who can work, must work--in the private sector if possible, in a ~~public service job~~ ^{community service} if necessary. Reform will make welfare a transitional system leading to work: a second chance rather than a way of life.

This central message of work and responsibility is reinforced by two other Clinton Administration initiatives: health care reform and the expansion of the Earned Income Tax Credit (EITC). Universal health care will allow people to leave welfare without worrying about coverage for their families, while the expanded EITC will lift millions of workers out of poverty. Both will provide new incentives for AFDC people recipients to leave welfare for work.

A Reformed JOBS Program

The core of our transitional assistance approach is an expanded, improved JOBS program. Created by the Family Support Act of 1988 and championed by then-Governor Clinton, the JOBS program offers education, training, and job placement services--but to too few families. Our proposal would expand and improve it to include:

- **A two-year time limit.** Most AFDC recipients will be limited to 24 months of cash assistance.
- **A personal employability plan.** From the very first day, the new system will focus on making young mothers self-sufficient. Working with a caseworker, each woman will develop an employability contract identifying transitional services needed for self-sufficiency and specifying her speediest path to work. Because 70 percent of welfare recipients already leave the rolls within two years, many of these contracts will be for less than 24 months.
- **Limited deferrals.** Mothers with disabilities that limit work and those caring for disabled children will initially be exempt from the two-year time limit. Another exemption allowed under current JOBS rules will be significantly narrowed: mothers of infants will receive only temporary deferrals (12 months for the first child, three months for the second). At state discretion, some young mothers completing education programs may also receive limited extensions.
- **Job search first.** New participants will immediately be oriented to the workplace.
- **Integration with mainstream education and training programs.** JOBS will be linked with job training programs offered under the Jobs Training Partnership Act; the new School-to-Work initiative that offers vocational career training for high school students; and other mainstream programs.
- **Guaranteed child care for those in education and training.** A new investment in child care will help eliminate a primary barrier to work preparation for young single parents.
- **Clear sanctions.** Parents who refuse to stay in school, look for work, or participate in the JOBS program will be sanctioned, generally by losing their share of the AFDC grant. For most families, simply the threat of this financial loss (\$200 per month on average, or about half of the typical grant) will be enough to ensure compliance.

The WORK Program

The WORK program will enable those without jobs after two years to support their families through paid employment. The WORK program emphasizes:

- **Work for wages.** Unlike traditional "workfare," recipients would only be paid for hours worked. Most jobs would pay the minimum wage for between 15 and 35 hours of work per week.
- **Flexible, community-based initiatives.** Local governments can design programs appropriate to the nearby labor market: placing recipients in subsidized private sector jobs, in public sector positions, or with community organizations.
- **Temporary placements.** To encourage people to enter unsubsidized jobs as quickly as possible, our proposal limits each WORK placement to one year, requires frequent job search, withholds the EITC from those in subsidized work slots, and reassesses participants after two placements. Anyone who turns down an unsubsidized job would be temporarily dropped from the WORK program.

Targeted, Meaningful Change

To reform the system in a realistic, meaningful way, the plan's new requirements will apply first to women under age 25. Phasing in the new system will target limited resources on young, single mothers with the most at risk; send a strong message to teenagers that welfare as we know it has ended; most effectively change the culture of the welfare office to one focused on work; and allow states to develop effective service capacity. As welfare reform is phased in, each year a larger percentage of recipients will be covered, and states that want to accelerate will be able to use federal matching funds to do so. In addition, enhanced federal funding will help states provide increased job opportunities and basic skills training to mothers over age 25 under current JOBS rules.

Other Provisions to Encourage Work

To further reinforce work and responsibility, our proposal will:

- **Let states reward work.** Currently, AFDC recipients who work lose benefits dollar-for-dollar, and are penalized for saving money. Our proposal encourages states to reinforce work by setting higher earned income disregards. We also implement demonstration projects to support saving and self-employment. Individual Development Accounts will allow families to save for specific purposes, such as post-secondary education, starting businesses, or owning homes. Micro-loan funds and technical assistance will help recipients begin micro-enterprises.

- **Expand child care subsidies for the working poor.** To further encourage young mothers to work, our plan would guarantee child care during the WORK program and for one year after participants leave welfare for private sector employment. Increased funding for other federal child care programs would bolster more working families just above the poverty line. Our proposal also develops consistent health and safety standards for child care and provides additional funds for monitoring and resource/referral programs.

WELFARE REFORM: REQUIRING RESPONSIBILITY

Our current welfare system often seems at odds with core American values: work, family, opportunity, responsibility. Overlapping and uncoordinated programs seem almost to invite waste and abuse. Non-custodial parents frequently provide little or no economic or social support to their children. And the culture of welfare offices often seems to reinforce dependence rather than independence. The President's welfare plan reinforces American values, promoting parental responsibility and ensuring accountability for taxpayers.

Accountability for Taxpayers

To eliminate fraud and ensure that every dollar is used productively, welfare reform will coordinate programs, automate files, and monitor recipients. New fraud control measures include:

- **State tracking systems.** States will verify the income, identity, alien status, and Social Security numbers of new applicants and assign national identification numbers. JOBS and WORK participants will be monitored to ensure both access to services and accountability.
- **A national public assistance clearinghouse.** Using identification numbers, the clearinghouse will follow people whenever and wherever they use welfare, monitoring compliance with time limits and work. A national "new hire" database will monitor earnings to check AFDC and EITC eligibility and child support orders.

Parental Responsibility

The Administration's plan recognizes that both parents must support their children. In 1990, absent fathers paid only \$14 billion in child support. But if child support orders reflecting current ability to pay were established and enforced, single mothers and their children would have received \$48 billion; money for school, clothing, food, utilities, and child care. As part of a plan to reduce and prevent welfare dependency, our plan closes this \$34 billion gap by providing for:

- **Universal paternity establishment.** Hospitals will be required to establish paternity at birth, and each applicant will be required to supply the name of her child's father before receiving benefits.
- **Regular awards updating.** Child support payments will increase as fathers' incomes rise.
- **New penalties for those who refuse to pay.** Wage-withholding and suspension of driver's and professional licenses will enforce compliance.
- **A national child support clearinghouse.** Three registries--containing child support awards, new hires, and locating information--will catch parents who try to evade their responsibilities by fleeing across state lines. Centralized state registries will track support payments automatically.
- **State initiatives and demonstration programs.** States would be allowed to make participation in work and training programs mandatory for non-custodial parents who earn too little to meet their child support obligations. Demonstration grants for parenting and access programs--providing mediation, counseling, education, and visitation enforcement--will foster non-custodial parents' ongoing emotional involvement in their children's lives. And child support assurance demonstrations will let interested states give families a measure of economic security even if child support is not collected immediately.

● **State options to encourage responsibility.** States can choose to lift the special eligibility requirements for two-parent families in order to encourage parents to stay together. States will also be allowed to limit additional benefits for children conceived by women on welfare.

Rewarding Performance, Not Process

The Administration's plan demands greater responsibility of the welfare office itself. Unfortunately, the current system too often focuses on simply sending out welfare checks. The welfare office must instead become a place that is fundamentally about moving people into the workplace as quickly as possible. Our plan offers several provisions to help agencies emphasize work and performance:

● **Program coordination and simplification.** Conforming AFDC and Food Stamp regulations and simplifying both programs' administrative requirements will reduce paperwork requirements.

● **Additional funding.** Our proposal eases state fiscal constraints to ensure that JOBS, child support, and prevention programs really work.

● **Improved incentives.** Funding incentives and penalties will be directly linked to state performance in provision of services, job placement, and child support collection.

WELFARE REFORM: REACHING A NEW GENERATION

Preventing teen pregnancy and out-of-wedlock births is a critical part of welfare reform. Each year, 200,000 teenagers aged 17 and younger have children. Their children are more likely to have serious health problems—and they are much more likely to be poor. Almost 80 percent of the children born to unmarried teenage parents who dropped out of high school now live in poverty. By contrast, only eight percent of the children born to married high school graduates aged 20 or older are poor.

To reduce poverty and welfare dependency and improve child health, we must send a clear and unambiguous message to adolescents: you should not become a parent until you are able to provide for and nurture your child. The President's plan includes a variety of approaches to this critical issue.

Linking Responsibility with Opportunity

Today, minor parents receiving welfare can form independent households; often drop out of high school; and in many respects are treated as if they were adults. Such a policy gives adolescents exactly the wrong incentive: to have children and move out of their parents' homes while they are still children themselves. Our plan changes the incentives of welfare to show teenagers that having children is an immense responsibility rather than an easy route to independence. At the same time, we offer hope: providing resources so that teen parents can take charge of their lives, find jobs, and become self-sufficient. Our approach relies on:

- **New requirements for teen parents.** From the first day, custodial teen parents receiving benefits will be required to finish school and enter the JOBS program, and unmarried minor mothers will be required to identify their child's father and live at home or with a responsible adult.
- **Intensive case management.** Caseworkers will offer encouragement and support, assist with living situations, and help teens access JOBS services such as parenting classes and child care. Caseworkers will also involve young mothers in other appropriate programs, such as Pell Grants, National Service, and School-to-Work. Selected older welfare mothers will provide additional counseling for at-risk school-age parents.
- **A phase-in focusing on young recipients first.** Initial resources are targeted to women under age 25: those with the most to gain and the most at risk.

Supporting Local Prevention Activities

- **A national campaign against teen pregnancy.** Emphasizing the importance of delayed sexual activity and responsible parenting, the campaign will bring together local schools, communities, families, and churches. Teenagers must get the message that staying in school, postponing pregnancy, and planning to work are the right things to do.
- **Mobilization grants and comprehensive demonstrations.** Roughly 1000 middle and high schools in disadvantaged areas will receive grants to develop innovative, ongoing prevention programs targeted to young men and women. Broader initiatives will seek to change the circumstances in which young people live and the ways that they see themselves, addressing health, education, safety, and economic opportunity.

WR - Press
Talking Pt.

December 3, 1993

MEMORANDUM FOR CIRCULATION

FROM: Bruce Reed
SUBJECT: Welfare Reform Story in Today's New York Times

The NYT ran a front-page story this morning about a Nov. 20 draft plan produced by the welfare reform working group. The main point of the story ("Ambitious Clinton Welfare Plan Addresses Goals but Not Finances") was that the Administration is planning to pay for a far-reaching welfare reform plan with savings in welfare and other entitlement programs.

There were no real revelations in the story, but it raised a number of issues on which you can expect questions. Here are a few points to make in response.

1. The President has made no decisions. The document referred to in the Times was a discussion draft, which included a menu of options which the Welfare Reform Working Group is looking at. No decisions have been made. The Working Group is planning to present options to the President by the end of the year, with legislation likely sometime early next year.

2. The plan will be paid for with entitlement savings. The cost of the plan and offsetting savings are still under review, and will depend on phase-in and other decisions that have not yet been made. Welfare reform is on the entitlement side of the budget, and will therefore be paid for with savings in the welfare program and other entitlement programs. (Because it falls on the entitlement side of the budget, it is not in competition with the domestic discretionary programs that make up the President's investment agenda -- Head Start, WIC, community policing, etc.)

3. Any welfare reform plan will build on the Family Support Act. In 1988, Bill Clinton and Senator Pat Moynihan worked together on this landmark welfare reform legislation, which for the first time stressed the importance of moving people from welfare to work. Our effort will build on that foundation.

4. The draft plan makes clear that we are serious about keeping the President's campaign promise to end welfare by imposing a 2-year time limit, inspiring responsibility, and providing and requiring work. The key themes of our effort are work and responsibility. The goal of welfare reform is to give people the tools to move from welfare to work.

We should avoid getting into the details of the draft, since the President has not yet reviewed these proposals. If you have any questions, call me at 456-6515. You can refer press calls to me or to Melissa Scofield at HHS, 690-6853.

HHS NEWS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOR IMMEDIATE RELEASE
Friday, Dec. 3, 1993

Contact: Melissa Skolfield
(202) 690-6853

STATEMENT BY THE
WORKING GROUP ON WELFARE
REFORM, FAMILY SUPPORT
AND INDEPENDENCE

CO-CHAIRS

BRUCE REED, DEPUTY ASSISTANT TO THE PRESIDENT FOR DOMESTIC POLICY
DAVID ELLWOOD, ASSISTANT SECRETARY FOR PLANNING AND EVALUATION, HHS
MARY JO BANE, ASSISTANT SECRETARY FOR CHILDREN AND FAMILIES, HHS

"The Working Group on Welfare Reform met on November 20 to continue discussing strategies for fulfilling President Clinton's pledge to 'end welfare as we know it.' That meeting was part of an ongoing process, and we worked from a draft options paper written only to facilitate discussion. We will continue to consult with Congress, state and local officials and other interested parties. No decisions have been made.

"President Clinton's charge to the Working Group on Welfare Reform was to remake welfare in adherence to four principles: work, family, opportunity and responsibility. We're continuing to work toward fulfilling that pledge. We also intend to recommend a plan that will be deficit-neutral."

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November 28, 1993

MEMORANDUM FOR CIRCULATION

FROM: BRUCE REED

SUBJECT: Talking Points on Welfare Reform Story in Sunday NY Times

Questions may come up about the welfare reform story in Sunday's New York Times, "Clinton to Weigh Subsidies to Hire Poor". Several news organizations (WSJ, USA Today, CNN, etc.) have called me since the story appeared, and a few follow-up articles may appear tomorrow.

The NYT story was based on an outdated internal memo written two months ago (October 1) by a subcabinet official at HHS. It does not reflect an official position of HHS, the Welfare Reform Working Group, the Administration -- or for that matter, the person who wrote it. Not exactly front-page news, but it must have been a slow news day.

1. No options have been presented to the President yet, and he has made no decisions. The Welfare Reform Working Group will make recommendations to the President in December, for consideration during deliberation over the FY95 budget. Introduction of welfare reform legislation is likely early next year.

2. Subsidies to private employers for hiring people off welfare are one of many options under consideration. There is no reason to disavow the story -- the nub of it was true, if overblown. One of the many options the Welfare Reform Working Group is considering presenting to the President is a proposal to amend current law to make it easier for states to use their welfare dollars to offer wage subsidies to private companies that hire people off welfare.

This approach, known as work supplementation (sometimes called wage supplementation), is already available to states under the Family Support Act. States can take the money they spend on an individual's welfare grant and use it to subsidize a private sector job for up to 9 months for that individual, who gets paid regular wages by the employer. The appeal of this approach is that it comes at little or no cost to the taxpayer -- the subsidy is paid for with money the government would otherwise be spending to keep an individual on welfare.

Few states have taken advantage of this approach, however, because under current law, it can only be used for placing recipients in *new* private sector jobs -- not *existing* jobs. Since the vast majority of job openings in the private sector come in existing jobs, and it is very difficult for employers to demonstrate that a job is "new", the provision in current law is of little use to employers, and few states have even tried it.

For some time, states have sought a minor fix in the Family Support Act to expand work supplementation to permits its use for existing jobs. This simple amendment was included in H.R. 11, the urban aid bill which passed Congress but was vetoed by Bush late last year. It has the support of states, employers, and key public sector unions like AFSCME, which see this as an attractive alternative to creating public sector jobs.

3. This is one of many ways in which our welfare reform plan will emphasize finding people private sector jobs. We need to get the welfare system out of the business of writing welfare checks and into the business of helping people find and keep a job so they can stay off welfare. To make that happen, we need to change the culture of the welfare office to put more emphasis on job placement, job search, and job training, and build bridges to the private sector so that it's easier for people to move from welfare to work.

4. This is only one of many tools we will need to move people off welfare. We also need to reward work and family by expanding the EITC, strengthening child support enforcement, making child care available, and passing health reform; generate job growth in poor communities through Empowerment Zones, microenterprise, community development banks, and other economic development initiatives; and impose time limits that give people education and training for up to two years, but requires those who can work to go to work after that. We will need to create community service jobs in some communities, but we would prefer to do so as a last resort after private sector opportunities have been explored.

Finally, the NYT story implied that there are "polite but real" differences within the Welfare Reform Working Group between me and David Ellwood. The truth is, we get along famously, we agree on almost everything, and most important, there will be extraordinary consensus among the 33-member interagency group as a whole behind the recommendations we will make to the President.

Please feel free to refer press inquiries to Avis LaVelle at HHS or to me at 456-6515.

TO: CAROL

FROM: BRUCE

Welcome back! I hope you had a wonderful Thanksgiving with your sisters. The Macy's parade looked great, so long as you weren't in the way of that wounded balloon.

You probably saw the story in Sunday's Times, which was the ultimate in making mountains out of molehills. Jason DeParle based it on an Oct. 1 memo written by someone at HHS, which has long since been superseded by more memos. (You know you're in trouble when two-month-old memos are front-page news.)

It's a perfectly good idea -- in fact, Bill Clinton and Pat Moynihan wrote it into the Family Support Act, as the attached memo explains. But it's hardly the big deal the Times made of it. In the 30-page draft of recommendations we will submit to the President later this week, the whole idea on which Jason based his story will merit one or two sentences. But because it was such a slow news day, I got half a dozen press calls at home, Brinkley focused on it Sunday morning, it was the lead story on the ABC evening news, etc.

I'm faxing the attached memo to your home and office. I'll ask Cathy to get copies to Mark, DeeDee, and other press people. If you want to distribute it at the morning meeting, that's fine with me.

I'll get you a one-page memo for the President on welfare reform and the FY95 budget Monday morning.

I'll be at a meeting at HHS until 10 or so. Beep me if you need anything. Thanks.