

December 2, 1994

MEMORANDUM FOR LEON PANETTA
CAROL RASCO

FROM: RAHM EMANUEL
BRUCE REED

SUBJECT: WELFARE REFORM STRATEGY

The upcoming debate over welfare reform will define the political character and credibility of both parties. For the American people, welfare reform and the ability to achieve it is a question of whether the political system or either party can reform government to reflect their basic values.

Up until the mid-term elections, the Democratic Party and the President were running even with the Republican Party on welfare reform issue. In the wake of the elections, the Republicans have gained the upper hand. Unless we work aggressively and dramatically to take back the initiative, they will control this issue and reap any political dividends from reforming welfare. We must do two things to reverse their current advantage:

I. Regain the initiative.

We cannot afford to sit back and watch the debate unfold in Congress. At the appropriate moment, the President needs to dramatize that this is a central priority for him and for the country, by bringing national leaders from both parties together for a summit on welfare reform.

II. Seize the center and exploit Republican divisions by identifying the House plan as an orphanage bill that is punitive towards children.

This should be our primary focus during the down days of December. Dissension is growing in the Republican ranks, with Dole, Gingrich, and now Clay Shaw publicly distancing themselves from orphanages. By the time this bill gets to the House floor, we want every American to know that the Republicans are becoming the party of orphanages -- which should force them to retreat from some of their other harsh provisions as well.

If we can accomplish these two objectives within the next two months, we will change our current political standing and the debate around welfare.

I. Regaining the Initiative

A national summit could be the centerpiece of our effort to reshuffle the welfare

debate. A summit would be a dramatic event that would bring a national focus to this issue, and begin to show both parties and all levels of government coming to grips with possible solutions. The upcoming meeting with Republican and Democratic governors is an opportunity to initiate the national summit, and help us affect the timing and outcome of the welfare debate.

For a fuller discussion of the summit and what it might look like, see the attached memo.

The objective of the Summit is to put forward our core principles, and try to get others to agree on them. In the same way that the Education Summit led to Goals 2000, this summit might lead to broad agreement on mainstream principles of welfare reform, such as:

1. Reward work over welfare.
2. End teen pregnancy.
3. The toughest child support enforcement possible.
4. Rid the system of fraud and abuse.
5. Must save money without shifting costs to the states.
6. No orphanages.

In addition to the summit, the Administration should take the following actions:

1. Announce a series of bipartisan welfare reform waivers at the NGA conference, or in the runup to it. In the months ahead, waivers will serve as a way to show that we are making actual progress on welfare reform, and prod Congress to move forward.
2. At the President's Mid December speech, he should mention his desire for welfare reform and highlight the issue of dead-beat dads. On the following day the Department of Justice and HHS would hold a joint press conference announcing that they are prosecuting 50+ cases of dead-beat dads and their new program to aggressively pursue these cases.
3. Sometime in January, the President can announce a private sector campaign to curb teen pregnancy. Action on child support enforcement and teen pregnancy in the weeks surrounding the summit will show that the Administration is taking action.

II. Defining the Republican Plan

Although there are some similarities between our plan and the GOP plan, the GOP plan is needlessly punitive towards children.

A series of events can help publicize this in the weeks ahead:

1. HHS is preparing a study on the costs of orphanages.

2. The day after the HHS releases its study, the Salvation Army can use the holiday season to attack what orphanages and attacks on the poor will do to families.
3. HHS should leak a memo on the study of how the Republican cap might lead to cuts in collections from deadbeat dads.
4. Leak analysis of cost shifts in GOP plan to David Broder.

Simply put, our goal should be to make the issue of punishing children and dividing families the defining characteristic of the Republican Plan. If we succeed in doing this, by the time the Republicans vote on their plan, they'll be running against a preconceived notion that the Republicans are pro-orphanage and anti-children. The orphanages are to welfare reform what Perot was to NAFTA and the NRA was to the assault weapons ban.

December 2, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: RAHM EMANUEL
BRUCE REED

SUBJECT: Welfare Reform Summit

As a way to seize back the initiative on welfare reform, we recommend that you use next Thursday's meeting with Republican and Democratic governors to call for a bipartisan national summit on welfare reform at Camp David in January.

I. PURPOSE OF A SUMMIT

We believe that a Camp David summit would be a dramatic way to serve several immediate strategic objectives at once:

1. It would underscore that you are going to make welfare reform a top priority for the country and your administration.
2. It would be a highly visible way to show that you are willing to reach across party lines and outside Washington to solve problems.
3. It would increase the influence of governors and others who will help moderate the upcoming debate.
4. It would enable you to recapture the spotlight on a domestic issue at a time when Republicans in Congress will otherwise dominate the news.

While a summit is not without risks -- for example, the Republicans might spurn your offer outright, or conspire not to cooperate -- it increases the chances that the welfare reform debate will take place on your turf.

II. WHAT A SUMMIT MIGHT LOOK LIKE

A. Where and When

We recommend holding the summit at Camp David rather than the White House. The atmosphere is more relaxed, access to the press is more controlled, and the setting is more Presidential -- it's your home turf. Our first choice for a date would be Friday and Saturday,

January 13-14, which would give us a way to get into the middle of the political debate before the State of the Union. Alternatively, we could hold the summit the weekend of January 28-29, immediately before the NGA conference.

B. Who Should Come

Ideally, a summit would bring together a select group of leaders from both parties and all levels of government -- members of Congress, governors, mayors, and county officials. It should be limited to elected officials. The invitees might include:

<u>Senate</u>	<u>House</u>	<u>Governors</u>	<u>Mayors/Counties</u>
Dole	Gingrich	Thompson	Ashe
Packwood	Archer	Engler	Giuliani
Kassebaum	Goodling		1 GOP county exec
Daschle	Gephardt	Dean	Rice
Moynihan	Gibbons	Carper	Cleaver
Kennedy	Clay		1 Dem county exec

C. What a Summit Can Accomplish -- and What It Can't

We should be realistic about what we can accomplish at a summit with such a broad range of leaders. This is not the place to agree on financing or draft legislation. Our objectives should be more like the Education Summit -- to reach agreement on broad goals and principles. The summit could be organized around a few themes -- work, responsibility, family -- that would lead the discussion toward our key principles.

D. Legislative Strategy After the Summit

After the summit, we would have several options on how to proceed with legislation:

1. We could reintroduce our bill a few weeks later, with some revisions based on discussions at the summit. This would enable us to make revisions that would be viewed as a response to the summit, not to the elections.
2. We could decide to remain above the fray with a handful of key principles, and not produce a specific bill. This has the advantage of not locking us into specific provisions, but the disadvantage of looking like we're backing away from our bill.
3. We could turn to Breaux and Moynihan to lead a bipartisan, mainstream effort to produce a bill in the Senate that we could endorse and that was based on the summit principles.

III. POTENTIAL DOWNSIDES

A welfare reform summit is not without risks:

1. The Republicans may counter by calling for summits on other issues -- federalism, balanced budget, etc. Our posture would be to do a welfare summit, and if it works, to be open to other ideas down the road.
2. The Republicans could simply refuse to take part. That would make us look weak, and them look petulant. We have to make sure in advance that no matter what Gingrich and Dole might do, the Republican governors would be willing to show up.
3. The summit might not meet expectations or produce any agreement or progress. It will have to be carefully choreographed.
4. The summit might give Gingrich an excuse to abandon the orphanage idea, which would be an immediate victory for us, but also to their advantage in the long run. This is a risk worth taking.

IV. HOW TO PROCEED

If you decide to move forward with a summit, we should lay the groundwork for you to call for the summit when you meet with Republican and Democrat governors on Thursday. Marcia will need to line up support among the governors and mayors. Pat will need to provide advance warning to Democratic leaders in the House and Senate. We want to line up leaders who will respond positively to your announcement, increasing the pressure on Dole and Gingrich to go along.

WR-Strategy

2/11/97

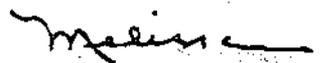
NOTE TO BRUCE REED -

Here are the two documents I mentioned at the 4:00 p.m. meeting.

Please note that the news value of the child support report is fairly limited, although we could highlight the increases over our previously announced estimates.

Also please note that the "status of reports" document should not be shared externally, since we're going to miss the first due dates.

Thanks -



Melissa Skolfield

cc: Rahm Emanuel

Toby
FRMS

STATUS OF REPORTS REQUIRED BY THE WELFARE LAW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

HHS NEWS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

DRAFT

#32

FOR IMMEDIATE RELEASE

Contact: Michael Kharfen
(202) 401-9215

ANOTHER RECORD YEAR OF CHILD SUPPORT

New data released today by HHS Secretary Donna E. Shalala shows that for the past two years, the federal/state child support enforcement program continued to break records in collections, paternity establishments, and families receiving collections. The program also improved its efficiency by collecting more child support for each dollar it spends.

For fiscal year 1995, \$10.8 billion was collected from non-custodial parents in fiscal year 1995, an increase of 10 percent, according to the 20th Annual Report to Congress on Child Support Enforcement issued by HHS today.

An earlier estimate of 735,000 paternities established for that year was exceeded in the final report by a total of 903,451. The increase is attributable to paternities established as part of the Clinton administration's voluntary in-hospital paternity establishment regulation.

In December, President Clinton announced \$11.8 billion as a preliminary amount of child support collected for fiscal year 1996. The revised estimate is even higher at \$12 billion, a 50% increase over \$8 billion in 1992.

"Every child who receives child support can be a child freed from welfare and poverty," said Secretary Shalala. "The states and the federal government are making more progress to insuring that all children who are owed child support get it."

"With the new toughest child support enforcement measures ever enacted in the new welfare law, there's hope that children will finally come first with their parent's financial support," added Shalala.

The new provisions including streamlined paternity establishment, employer reporting of new hires, uniform interstate child support laws, computerized statewide collections, and tough new penalties such as driver's license revocation could increase child support collections by \$24 billion over the next 10 years.

The report describes collections and other child support activities nationwide during fiscal year 1995 (October 1994-September 1995). It also contains state-by-state financial and program data. Highlights of some of the findings are:

- o paternity establishment for 903,451 children in 1995 compared with 670,177 in 1994, an increase of 35 percent
- o cases with a collection were 3.7 million in 1995 compared with 3.4 million, an increase of 9 percent

New estimates for fiscal year 1996 show more improved results for children. Cases with a collection increased to nearly 4 million, an increase of 43 percent over 2.8 million in 1992. Paternity establishments rose to nearly 1 million, an increase of 50 percent over 0.5 million in 1992.

HHS calculates the cost-effectiveness of the child support program by determining how much child support is collected per dollar of administrative spending. This ratio measures the management efficiency of the program and how effective it spends administrative funds. The program improved its cost-effectiveness ratio from 3.59 in 1995 to an estimated 3.94 in 1996, an increase of 10 percent. The result for children is more collections by a better managed program.

"No parents should or will evade their responsibility to support their children," said David Gray Ross, deputy director, office of child support enforcement. "We, the states and the federal government, now have both the will and the way to find any parent, at home or at work, to collect child support and help their children to a stronger and brighter future."

The child support enforcement program serves families receiving assistance under the Aid to Families with Dependent Children Program and the Temporary Assistance to Needy Families Program, as well as other families who apply for service.

The report is available from the HHS Administration for Children and Families, Office of Child Support Enforcement, 370 L'Enfant Promenade, S.W., Washington, D.C. 20047.

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W2-
Strategy Reddot
COPY to
Bruce

Elena -

Since I'm not yet on email, I haven't sent this to Bruce. Please share this draft with him if you think he should see it before he returns.

If you'd like to talk this weekend, please beep me (if I'm not yet on the White House operator's list, you can page me manually by calling 757-1111 for pager #4697).

Cynthia

TO: Bruce Reed and Elena Kagan
FROM: Cynthia Rice
DATE: February 28, 1997
SUBJECT: Bipartisan Congressional Meetings regarding Welfare to Work
CC: Diana Fortuna and Lyn Hogan

Goals

Ideally, I think we want the bipartisan Congressional meetings to:

- Reinforce the President's image as a welfare reform leader who is tough on work but cares about kids.
- Engage Congressional leaders in a public-private effort to move a million more people from welfare to work.
- Garner support for the President's Welfare-to-Work Jobs Challenge and Work Opportunity Tax Credit proposals.

We want to avoid having the President appear as if he:

- Wants simply to spend more money on welfare.
- Wants to "re-open the bill."

Establish Responsibility

In my view, the President must first persuade members of Congress that they have a responsibility to help welfare reform succeed and that they can play a critical role in ensuring people move from welfare to work. Most members feel as though they've done their part to reform welfare and now it's the governors' responsibility. They've turned their attention to other issues and are waiting passively for a progress report. Instead, we should foster the view that they are community leaders ideally positioned to forge the local public-private partnerships that will make welfare reform succeed.

Of course, lecturing the Congressional leadership would be ill-advised. Instead, the President could lead by example, by sharing with the group what he is doing to bring business, government, civic, and religious leaders together. He could also distribute materials they might find useful in their own efforts, such as information about model welfare-to-work efforts and private and public resources available to employers.

View Welfare through the Eyes of a Small Businessperson

The President may wish to suggest that members of Congress view welfare reform through the eyes of a small businessperson, with whom many members may sympathize. (Ideally, we would announce a small business association's endorsement of the President's plan that day.) That businessperson probably:

- Has never considered what he could do to help reform welfare, and, most likely, no one has ever asked him to help.
- Wouldn't know where to find a welfare recipient to hire. Calling a local government agency would probably be fruitless. Calling a local social service group might inundate the business with too many job seekers.
- Thinks hiring welfare recipients is too risky. Former welfare recipients, particularly those without much work experience, may be less productive, at least at first. They may need special assistance which the company is not prepared to provide.

Looking at welfare from this perspective indicates that successful welfare reform requires:

- Leaders from all walks of life personally asking business owners and other employers to hire welfare recipients.
- Public and private agencies providing easy-to-use information about resources available to both employers and welfare recipients.
- Temporary financial protection for employers hiring people on welfare.

Make the Case that the President's Proposals are Critical to Welfare Reform

The new law does a lot to motivate welfare recipients to work. Among other things it:

- Sanctions those who won't work.
- Imposes time limits.
- Provides child care to make work possible.

The new law gives states vast flexibility to design welfare programs suitable to their own needs and circumstances. But the new law doesn't target any funding specifically for work-related activities, and, according to the Congressional Budget Office, it does not provide adequate funds to meet the strict new work rates.

As a result of these and other concerns, the President has proposed two new welfare-to-work initiatives:

- Welfare-to-Work Jobs Challenge: The Jobs Challenge is designed to help cities and states provide subsidies and incentives to private business to create jobs for welfare recipients. It would establish a \$3 billion fund to help move a million of the hardest-to-employ welfare recipients into jobs by the year 2000. It would also allow the use of vouchers that individuals could use to obtain the tools to succeed on the job.
- Work Opportunity Tax Credit: The President would create tax credits to help create jobs for the hardest-to-employ -- long term welfare recipients. A new tax credit would let employers claim a 50 percent credit on the first \$10,000 a year of wages, for up to two years, for workers they hire who were long-term welfare recipients. In addition, the budget expands a smaller, existing tax credit to include certain food stamp recipients.

Expect Both Resistance and Support from Key Participants

The current views of likely participants vary widely:

- House Republicans: In a letter to the President last month, Ways and Means Committee chairman Bill Archer expressed concern that "welfare recipients should not be given jobs at the expense of the working poor who may not qualify for a corporate tax credit."
- House Moderate Democrats: The "Blue Dogs" have long advocated a separate fund dedicated to welfare-to-work activities. A \$3.6 billion work fund is part of the balanced budget plan they proposed this week (as well as the one they proposed last year). The Blue Dogs would like to lay this plan on the table at the bipartisan welfare-to-work meeting. Their budget does not include any employer tax credits, not because they dislike them particularly, but because they believe the budget should be balanced before taxes are cut.
- Leadership Democrats: Some Democrats view employer tax credits as a business giveaway and cite studies which found similar credits increased hiring only marginally. They may accept credits only as part of a package which also includes the \$3 billion fund, which they prefer.
- Senate Republicans: Some Senate Republicans would rank a block grant for legal immigrants higher than these work initiatives, and doubt that a balanced budget deal would contain funds for both.

Moderate R's??

More detailed analysis

WELFARE REFORM STRATEGY

January 31, 1995

I. LEGISLATIVE

A. House

1. Staff follow up with Clay Shaw
2. Mainstream Forum bill later this week (maintains indiv. entit.; cuts immigs.)
3. Continue meeting with Dem welfare caucus on amdots, alternatives, strategy

B. Senate

1. Work with Moynihan, Breaux, Senate Republicans, and NGA on bipartisan alternative / President's ideal bill -- maximum flexibility, minimum risk to states
2. Endorse Daschle teen pregnancy bill

C. Governors

1. Work with NGA staff on 1) ideal bill, and 2) overall state fiscal consequences

II. PRESS

A. POTUS

1. Teen Pregnancy: 1) Surgeon General; 2) Non-profit campaign; 3) 30th anniversary of Moynihan report, March 1995
2. Child Support Enforcement: 1) Excc. Orders; 2) Meet with mothers, prosecutors
3. State Flexibility: issue HHS report when we grant waiver to 25th state
4. Welfare-to-work: visit job placement program; luncheon with welfare mothers and business leaders; specch on New Covenant/personal responsibility to welfare recipients

B. Other

1. Editorials and news stories in targeted districts about GOP cost shift to states
2. Stir up opposition to House GOP provisions on young unwed mothers and immigrants: e.g., right to life groups, moderate GOP govts, border states

December 18, 1995

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed
Rahm Emanuel

SUBJECT: Welfare Reform Update

The Republicans have reached virtual agreement on a new welfare reform conference report. Their current plan is to bring it to the House floor on Wednesday and the Senate on Thursday. Unless Senate Democrats mount a filibuster or we find a way to engage in bipartisan negotiations, it could end up on the President's desk for a veto before Christmas.

I. Summary

This latest conference report is designed to cause us maximum possible discomfort. It's not good enough to sign, but not bad enough to make it easy to explain our veto. It is actually better than the Senate bill on a few of our priorities (like child care), and because of add-backs and changes in the CBO baseline, the overall level of budget savings is lower than the Senate bill. But the new conference report still contains some obscure but important structural changes that we have strongly opposed, like two-tiered SSI benefits for disabled children and a block grant of certain foster care programs, as well as deep cuts in food stamps and benefits for legal immigrants.

So far, most Congressional Democrats are with us in opposing the current conference report. But the Blue Dogs may feel compelled to vote for it, and many Senate Democrats are concerned about how we make our case against the bill. Since the conference report has not yet been filed, Breaux is meeting with Roth tomorrow in a last-ditch effort to force bipartisan negotiations, and the Blue Dogs are meeting with Kasich and Shaw to insist on further improvements on welfare reform as part of the budget talks.

A. Overall Budget Savings: The original House bill saved \$91 billion over 7 years, and the Senate bill \$66 billion. The original conference report (vetoed as part of the reconciliation bill) was scored at \$77 billion. The latest conference report saves \$58 billion. Part of this reduction (\$10 billion) is due to CBO's re-estimate of the baseline; most of the rest is due to add-backs in child care, child nutrition, child welfare, and SSI kids. In terms of budget cuts, the latest version is better than the Senate bill in some areas and worse in others -- but because the overall number is lower, Republicans will argue that this bill is better than the Senate bill we endorsed. (CBO now estimates that the AFDC block grant in the conference bill will provide at least as much money over the 7 years as the entitlement.)

By comparison, the Coalition budget saves \$46 billion on welfare, the Administration's Dec. 7th budget plan saves \$39 billion, and the rough consensus from Democratic-wide negotiations this weekend was a savings target of \$43 billion.

B. Child Care: The latest conference report is \$1 billion better than the Senate bill on child care. That is still not as much as we think is necessary -- the Coalition budget calls for \$3+ billion -- but we can no longer argue that the Republicans are cutting child care.

C. Child Nutrition: Lugar and Goodling agreed not to block grant school lunch, only to allow seven statewide demonstrations around the country. The level of child nutrition cuts in the conference report is now the same as in the Administration's budget.

D. Child Welfare: The conference report preserves the entitlement for maintenance payments, and no longer includes any big dollar cuts in child welfare. It does block grant foster care and adoption assistance (while maintaining baseline levels of spending), which we oppose -- but they've made it harder for us to get much traction.

E. SSI Kids: This is the biggest political vulnerability of the new bill. It cuts SSI benefits by 25% for all but the most severely disabled kids -- a cut of \$3 billion more than the Senate bill (although \$1 billion is returned to the states in a services block grant).

F. Food Stamps: The conference report cuts \$26 billion, compared to \$21 billion in the Senate bill and \$19 billion in our current budget proposal. The state option to block grant food stamps is better than the Senate bill, but not as good as the original House proposal.

G. Immigrants: Again, the conference report cuts much more deeply than we would like -- \$15 billion on SSI for legal immigrants, compared to about \$5 billion in our proposal and the Coalition's. Unfortunately, the Administration is almost alone among Democrats in fighting hard to reduce the size of cuts in benefits for legal immigrants and in food stamps.

H. Medicaid: A recent version of the conference report ended the guarantee of health coverage for welfare mothers. If that provision remains in the bill, it may be our best argument for vetoing the bill. But the Republicans know that, and will probably fix it.

II. Strategy

The difference between our position and theirs is not enormous in budget terms -- \$58 billion vs. \$43 billion. Our greatest challenge is persuading the Republicans that the long-term benefit of a bill becoming law outweighs the short-term advantage of forcing a veto. Breaux and the Coalition will approach the Republicans tomorrow with that message, as well as with the attached list of fixes which would force a bipartisan discussion and address most of our problems. If that effort fails, we should veto the bill on the grounds that Republicans are just playing budget politics rather than making a serious bipartisan effort at real reform.

12/13/95 1:00pm

BIPARTISAN WELFARE REFORM MODIFICATIONS

PROTECTING CHILDREN:

1) Child Care:

- provide additional \$4.7 billion over 7 years to cover child care shortfall from Senate bill and restore language on health and safety standards.

[fills gap of \$1.4 billion from Senate passed bill and assumes restoration of Title XX cut, which many states use primarily to pay for child care costs]

2) Strike foster care/adoption assistance block grant title from bill

3) Improve treatment of SSI children/Senate passed provision w/prospective impact

4) Reduce cuts in Food Stamps and Child Nutrition

- no food stamp expenditure cap & no optional block grant
- reduce child nutrition cut to Senate passed level

5) Retain Medicaid coverage for welfare recipients.

STRENGTHENING WORK PROVISIONS:

1) Restore maintenance of effort to 80% (& no reduction in state MOE as "bonus")

2) Restore contingency grant fund to \$1 billion minimum & replace trigger mechanism

THE WHITE HOUSE
WASHINGTON

November 21, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Rahm Emanuel

SUBJECT: Welfare Reform Update

The budget negotiations give us an opportunity to try for a better deal on welfare reform than the version the Republicans included in reconciliation. But we still face the looming threat of getting jammed with a stand-alone bill if the budget talks sour or the Republicans want to put us on the spot.

For now, the Republicans remain divided on whether to negotiate toward an acceptable bill or try to force a veto. Dole has reportedly hinted that he would prefer a signing, and so would Shaw, but Gingrich is more inclined to force our hand. We have dodged the bullet so far because of the budget agreement and because Jeffords, Chafee, and Lugar went home for Thanksgiving without signing the conference report. But that won't last -- they will go along in exchange for minor concessions if Dole insists. That means the Republicans could pull the trigger on a stand-alone bill anytime over the next month -- and if the Dec. 15th deadline goes by without a budget deal, we should not be surprised to get a lousy welfare bill for Christmas.

To reduce that risk, Leon is going to call Dole and Shaw and let them know that we want to find common ground on welfare reform as part of the budget negotiations, but we're not afraid to attack them as cruel to children if they try to send us their current bill. (We should also ask Breaux to find out if Dole has any interest in dealing on welfare sooner rather than later.)

I. Summary of Tentative Conference Report

The welfare savings in reconciliation total \$114 billion over 7 years -- \$32 billion from EITC (halfway between the House and Senate budget plans) and \$82 billion from welfare programs (House welfare bill was \$100 billion; Senate bill was \$68 billion).

THE PRESIDENT HAS SEEN
11-21-95

95 NOV 22 A10:48

The welfare bill itself was written carefully to leave us no easy targets. The two issues most likely to resonate as we hold out for further improvements are the cuts that affect child care and disabled children. In vetoing the reconciliation bill, we should say that we are ready to sit down and work toward a bipartisan welfare reform bill, but hurting disabled children and gutting child care isn't our idea of welfare reform. If we can get into bipartisan negotiations on welfare reform, we should be able to restore the Senate child care provisions, get the overall level of cuts somewhat closer to the Senate bill, and make changes on the contingency fund, performance bonus, and a few other areas that won't cost much money but can improve the final bill.

A. Welfare-to-Work Provisions

Most provisions of the Senate bill that are actually about welfare reform (as opposed to just budget cutting) survived the conference in some form. The conferees agreed to a permanent maintenance-of-effort provision at 75% instead of 80%, and a contingency grant fund at \$800 million instead of \$1 billion. The family cap and teen cutoff are essentially state options (family cap is opt-out; teen cutoff is opt-in). The conferees messed up the work performance bonus and dropped the personal responsibility agreements, but preserved other provisions we were worried about, like the displacement language and the child care guarantee.

But the conferees did weaken the work provisions in one important area -- child care. The changes are not enormous: The conference report stretches the additional \$3 billion in child care money over 7 years instead of 5. But this amounts to an effective \$1.2 billion cut over the 5-year period, which means thousands more mothers will stay on welfare instead of going to work. Since child care is the number-one work issue for the Senate moderates (and the press), we should be able to win back most of the child care provisions of the Senate bill.

In a negotiation with the conferees, we would want to strengthen other welfare-to-work provisions as well -- especially the contingency fund, the work bonus, and maintenance of effort. But in general, most of the true welfare reform elements of the conference report are at least in the ballpark, and the conferees deliberately avoided including any poison pills.

B. Budget Cuts

The major difference between the reconciliation conference report and the Senate welfare bill is deeper cuts in food stamps, child nutrition, child welfare, and SSI. The conferees followed the Senate's lead by maintaining the entitlements for food stamps, child nutrition, SSI, and child welfare, but made obscure, carefully targeted cuts in those programs.

The major cuts include:

1. Food Stamps: OMB's preliminary estimate is that the conference report cuts \$35 billion over 7 years (Senate was \$28.5 billion; House was \$38 billion). We should try to

reduce the overall level of cuts and get rid of the fixed cap on expenditures. The state option to block grant food stamps is one area where the conference report is better than the Senate bill (although it could still be improved). The Senate bill was a pure state option that allowed states to divert 20% of the money away from food. The conference report requires states to put EBT or stricter quality control measures in place before they can qualify for the state option, and makes them spend 100% of the money for food -- so the incentive for a state to take the block grant is reduced.

2. **SSI Kids:** The conference report cuts \$3 billion more than the Senate bill. The conferees rejected the House block grant, and instead imposed a two-tier system under which the most severely disabled children would continue to receive full benefits, while less disabled children would have their benefits cut 25%.

3. **Child Welfare:** The conference report maintains the entitlement for foster care and adoption assistance, but cuts so-called administrative payments that many states use for child abuse prevention and child protection.

4. **Child Nutrition:** The House and Senate are still arguing over whether to give some states the option to block grant school lunch. If the House prevails, they will hand us a great issue, but we probably won't be that lucky.

5. **Immigrants:** Conferees eliminated the most objectionable Senate provision -- deeming beyond citizenship. But the cuts are still deep, and conferees eliminated an important exception from the House bill for the elderly (over 75) and disabled.

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II. What Next

As part of the budget negotiations, we can seek overall savings targets in the neighborhood of the Senate bill. But if those talks break down, or the Republicans see an opening, we should be prepared for a few basic realities:

- Sooner or later welfare reform is likely to come to us as a stand-alone bill. Many of the welfare reform provisions (time limits, work requirements, etc.) cannot get around the Byrd rule, so unless there is a megadeal on the budget, a stand-alone bill will still be necessary. Such a bill could take many forms: 1) an omnibus bill that includes the budget cuts as well as the reform provisions; 2) a so-called Byrd-droppings bill that includes only the provisions stripped out by the Byrd rule; or 3) a smaller omnibus bill that includes the reforms we support but punts some or all of the budget cuts to the larger negotiation over budget reconciliation.

The first scenario is the most likely, and would require further negotiations before we could sign it. If there is a way to interest the Republicans in the third scenario -- a stand-alone bill that is limited to real welfare reforms (time limits, work requirements,

the AFDC block grant, child care money, teen pregnancy, child support enforcement, etc.) -- that would be ideal for us. But it is hard to see why they would consider such a deal now, unless they're worried about the Byrd rule or eager to put welfare reform in the bank.

- Vetoing welfare reform won't make it go away: We can have welfare reform without a budget deal, but we can't have a budget deal without welfare reform. Any budget deal is certain to include an AFDC block grant and budget cuts in the general neighborhood of the Senate welfare bill. Republicans will insist on it, and 35 Senate Democrats have joined us in signalling general acceptance. The only way to placate Moynihan, Marian Wright Edelman, and others on the left who have criticized us on welfare reform is to give up on both welfare reform and a deal to balance the budget.
- Welfare reform will do worst in budget negotiations if it's the last item on the table. If we want to soften the overall level of budget cuts in welfare reform, we should make it one of the first items of negotiation, rather than the last. There are two reasons to deal early on welfare reform. First, the gap between our position and the Republicans' is smaller on welfare reform than any other big-ticket item. We're at \$68 billion, they're at \$82 billion -- and all of the non-budgetary differences should be relatively easy to hammer out. Second, the programs we're trying to protect (food stamps, immigrants, etc.) have less political support than anything else in reconciliation -- even Medicaid. So if we solve Medicare, EITC, and other popular programs before we get around to welfare reform, we will end up right where the conferees did, with welfare cuts that hurt kids but don't generate political heat.
- In the end, we may have to choose between the majority of congressional Democrats who want welfare reform and outside groups on the left who don't. Our early soundings suggest that if the Republicans could force a stand-alone vote on the current conference report, we could lose at least 10-20 Democrats in the Senate and 20 in the House -- even with a Presidential veto threat. That would give the Republicans a veto-proof margin in the Senate, and with a few improvements in the direction of the Senate bill, they could potentially override a veto in the House. The only way we could keep many Democrats from voting for a stand-alone bill this time around is to assure them that they will get another bite at the apple soon so they don't have to run for re-election having killed welfare reform.

June 9, 1995

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Carol Rasco, Alice Rivlin, Donna Shalala, Laura Tyson
SUBJECT: Welfare Reform -- Key Strategic Questions for the Senate

Summary

Senate Finance approved a welfare reform bill two weeks ago and we expect to see it on the Senate floor within the next week. The Senate debate may be the last opportunity to make major changes before it comes to the President.

This memo describes the Finance bill and major concerns that we all agree need to be addressed. The purpose of our Monday meeting is to talk through strategy questions. At a minimum, we believe it is essential that we heighten the President's profile on key issues on welfare over the next couple of weeks. We should meet with the President to decide how best to influence the Senate debate.

Finance Committee Bill

Like the House bill, the Finance bill would make dramatic cuts in many areas, impose infeasible work requirements, and end requirements that states match federal spending. The cuts themselves are very serious. Worse yet, a system of fixed block grants with no state match and few adjustments for economic and demographic change, coupled with a set of unworkable work standards and much less money for training and child care, is likely to set off a largely irreversible "race to the bottom," as states move to provide less and less for poor families.

Specifically, the Finance bill would:

- o End the AFDC individual entitlement and combine the current AFDC, Emergency Assistance, JOBS, and mandatory child care programs into a single, frozen block grant, with total funding set at FY 1994 levels.
- o Require no state matching or maintenance of effort.
- o Mandate tough work requirements while providing less money for work and child care.
- o Make deep cuts in benefits to legal immigrants and SSI benefits.

On the positive side, the Finance bill is an improvement from the House version because it doesn't include all the conservative "strings" unconditionally restricting benefits to teen moms and certain others. The child support enforcement reforms are similar to those the Administration proposed. Child protective services are untouched and SSI childhood disability reforms are less draconian than in the House bill.

The Finance bill cuts funding nearly as deeply as the serious reductions in the House-passed bill. CBO's preliminary estimate is that the Finance proposal saves \$26 billion over five years (and \$42 billion over seven). The House bill's savings were more than double these amounts, but include food program cuts which have not yet been addressed by the Senate. The Senate's cuts of SSI to legal immigrants are deeper, but other cuts smaller. (A more complete summary of the Finance bill is attached.) This level of cuts could do real damage and it is unlikely that states will mount effective welfare-to-work programs at this diminished level of resources.

In other Senate developments, the Agriculture Committee is expected to mark up legislation covering the food programs next week for possible inclusion in the Finance bill when it goes to the Floor. Our efforts appear to be successful in stopping both the Food Stamp and nutrition block grants -- although a state option to block grant Food Stamps may be included. The Agriculture Committee will still need to find very sizable savings from the programs to achieve its targets. The Labor and Human Resources Committee approved reauthorization of the discretionary Child Care and Development Block Grant, with relatively little change from the current authorization; this may also be added on the Floor as an amendment to the welfare bill. In addition to the provisions concerning immigrants in the Finance bill, this week Senator Simpson's Judiciary subcommittee began mark up of immigration legislation which affects benefits to immigrants. Again, this may be added on the Floor.

Democratic Alternatives

Democrats offered alternatives at the Finance Committee markup, all of which were defeated. It's not clear yet if they will be united for floor action, though efforts are being made. Senator Moynihan introduced a bill that would continue AFDC as an individual entitlement, expand work and training requirements, and increase funding for JOBS. It has an estimated cost (which is offset) of approximately \$8 billion over five years. Senators Conrad and Moseley-Braun have developed serious alternatives as well.

In addition, a Democratic leadership group (Daschle, Breaux, and Mikulski) announced its alternative bill yesterday. They hope to unite nearly all Democrats in support of the alternative. Their plan would repeal AFDC and replace it with a "conditional entitlement" based on work, with substantial funding (which is offset) for work and child care, and with two-years-and-work and five-years-and-out provisions (with certain hardship exemptions). The JOBS program would be replaced by a work block grant. Work participation rates would rise significantly by 2000, and states would receive bonus payments for reaching certain employment and duration-of-employment levels.

Democratic alternatives have no chance of passage. Indeed, it doesn't appear the Democratic alternatives will stop several Democratic Senators from supporting the Finance bill. Already, Senator Baucus voted for the bill in Committee.

Issues

There are four crucial concerns with the Senate bill:

1. Maintenance of Effort -- The Finance bill, like the House-passed legislation, does not require states to continue contributing their own funds to AFDC's successor block grant program. There is not even a requirement that they maintain their current level of effort. States can withdraw their own funds, cut benefits, purge large numbers of current recipients from the rolls, and avoid the investments needed to help people become self-sufficient. Under the current system, if poorer states such as Mississippi or Arkansas reduce spending by \$1 they lose another \$4 in federal funds. Even the wealthier states lose at least \$1 for every \$1 they cut. With the current block grant proposals, if a state cuts spending it loses no federal funds. And if one state starts imposing dramatic benefit cuts or short absolute time limits, neighboring states will naturally fear welfare migration and feel pressure to cut their own programs. Conversely, investments in one state designed to help recipients move permanently from welfare to work, such as training or child care, may seem particularly likely to attract recipients from elsewhere. We need to insist on a state match or maintenance of current effort requirement to fight against the "race to the bottom" incentives in the Republican bills. An alternative would be inclusion of a mechanism in the bill that cuts federal payments if a state reduces its own spending below 1994 levels.
2. Counter-Cyclical Adjustment -- The Finance bill, again like the House-passed bill, freezes the level of the new block grant in future years. Should the country go into a recession -- or should some region suffer economic distress -- it offers little in the way of added assistance to meet increased need. The Finance bill creates a very modest one-time \$1.7 billion "rainy day" revolving loan fund to help states during recessions but it requires that any funds distributed be repayable with interest. This is inadequate. There is no guarantee that a state's economy will have improved by the time it must repay its loan from the fund or that it will be able to borrow the amount required to maintain current benefits. We should insist on some adjustments for increasing a state's allocation based on an increase in the number of poor children or a rise in unemployment population. (Senators from states with growing populations, generally in the Sunbelt, are already asking for the bill to be amended to provide better protection for their allocations in the outyears.)
3. Resources and Incentives for Work -- The Finance bill expects states to meet ambitious work targets with considerably less money. By the year 2000, almost 2 million people would have to be working or training, unless states cut people off and reduce caseloads. CBO has estimated that only 6 States could meet these

requirements, because it would cost \$10 billion a year by the year 2000 for every state to comply. (Chairman Packwood seemed surprised by CBO's report and may be willing to make some adjustments to the bill before taking it to the Floor.) If states were to choose to spend enough to meet the work requirements, a relatively small portion would be left to provide basic assistance to poor families and children. On the other hand, if states choose to emphasize providing benefits, they may simply accept the 5 percent block grant penalty for not meeting the work requirements and reduce their expenditures on work and training. By putting the money for benefits and services into one pot, both the Senate and the House bills would force states to make a decision about providing one at the expense of the other. It makes no sense to be asking millions more mothers to go to work while providing dramatically less child care than current law. Nearly two-thirds of welfare mothers have children under 6; 42% have children aged 2 years or less. We should insist on more support for work, training and child care and on splitting the block grant in two so that benefit funding is separate from funding for work and child care. We should reward states with performance bonuses for putting more people to work, instead of giving states incentives to cut people off.

4. Basic Protections for Children -- To protect children, we should avoid conservative mandates like a mandatory cut-off of unmarried mothers under 18 and their children and mandatory family caps, but the bill must also include provisions that will mitigate the race to the bottom. We should seek some exemptions from time limits for children whose parents are unable to work or find work. We should try to reduce the level of cuts in programs for children. HHS also believes that we should require states to serve all children that meet whatever need and eligibility rules the state adopts. As noted above, the Senate bill cuts almost as deeply as the House-passed bill. The AFDC/JOBS cuts preclude the establishment of effective welfare-to-work programs. The immigrant cuts are immense and the SSI cuts for disabled children and the nutrition cuts go too far. We should insist on basic protections for children. We need to try to mitigate the level of cuts in the Senate bill. Without these changes the combination of dramatic federal cuts in many areas, the unworkable work requirements, and the lack of maintenance of effort provisions open the possibility of even larger cuts at the State level and a very harmful race to the bottom. And as budget caps get tighter and tighter, the pressure to cut Federal spending further on the block grants is likely to increase.

Purpose of Meeting

We recommend we arrange a meeting as soon as possible with appropriate senior Administration officials to discuss how best to achieve these changes in the Senate.
Important questions:

o Do we explicitly threaten to veto the bill over any or all of these issues?

A veto threat can send a clear message of what the Administration stands for -- and will not stand for -- in welfare policy. In the area of Food Stamps, the threat of a veto may have played an important role in blunting the momentum behind converting the program into a block grant.

On the other hand, Republicans on the Hill may well prefer to see the President veto a welfare reform bill and would like a road map about how to ensure one. Specific veto threats might make it less likely the legislation improves, and we could also receive criticism from more friendly sources should we choose to draw the veto line in a place different from where they would like.

If the decision is that a veto threat would be a useful tactic, we would still need to discuss the specifics of which provisions are named as unacceptable and what changes could be made to them to render them acceptable.

o What should the President and the Administration do to influence the Senate debate?

Once the veto threat question is resolved, we still need to discuss how best to influence the Senate debate. What profile should the President and the Administration strike in that debate? What should we say about the Senate bill once it is passed?

Senate Finance Welfare Bill -- Summary

AFDC and Work-Related Programs

Combined Block Grant--The bill approved by the Finance Committee combines AFDC, Emergency Assistance, JOBS, and three mandatory child care programs into a single, level-funded block grant of \$16.8 billion (which represents the FY 1994 funding level for these programs). There is no annual inflation adjustment to the new "Temporary Family Assistance Grant," and the reduction over seven years for these programs is approximately \$11 billion (CBO estimate). The Senate version lumped more programs into their Temporary Family Assistance Grant (AFDC, Emergency Assistance, JOBS and Child Care), while the House bill consolidated Child Care programs under a separate block grant.

Fewer Mandates--The Senate bill has fewer strings on State spending. Requirements that minor mothers live at home, the prohibition of benefits to children born on welfare, and restrictions on assistance to parents who fail to establish paternity are all dropped. Also, States can choose whether to pay cash assistance to non-citizen families who lack sponsors.

Work Programs

Participation Rates--By FY 2001, the Senate Finance bill requires half of single parents to participate in work/training activities, which the House bill does by FY 2003. The Senate bill, however, lets States exempt certain categories of beneficiaries (up to about 60% of the adult caseload) up through FY 1998, by allowing them to extend current law exemption categories. After FY 1998, no exemptions will be allowed and States face a very large increase in required participation. States not meeting the new rates may have their grant reduced by 5% the next fiscal year. The Senate bill requires that States guarantee child care for recipients who need care for children under age 6 to participate in JOBS activities but ends this guarantee for children 6 and over.

CBO analysis raised a major issue during the Senate Finance committee mark-up. CBO estimated States would need a total of \$10 billion by FY 2000 (a full 60% of the block grant) to meet the set work targets, leaving far fewer funds to pay benefits. Further, CBO estimated that only 6 States would be able to meet the new requirements and that the remainder instead would opt for the 5% grant reduction penalty. Chairman Packwood was concerned by this finding, and feared the Administration would criticize the legislation as setting unrealistic work participation goals. He pledged to work with Senator Conrad to address CBO's findings, so it is possible that a Senate floor amendment somehow will alter the work portion of the block grant.

Child Protective Programs

The Senate Finance-passed bill leaves child protective programs unchanged. (The House bill combined, capped and cut Foster Care, Adoption Assistance and other mandatory child

protective services by \$2 billion over five years.)

Immigrant Assistance

The Senate Finance bill has three major immigrant provisions: (a) denial of SSI benefits for most immigrants; (b) deeming of sponsor's income for certain programs, notably Medicaid; (c) authority for states to deny immigrants cash assistance. While Senate Finance immigration provisions apply to fewer programs, cuts are harsher than comparable House action, which had comparatively more exemptions for SSI and Medicaid.

SSI Restrictions--The bill ends SSI benefits for most immigrants, except for: refugees and asylees (for five years); immigrants who have worked long enough to qualify for Social Security benefits; veterans and their spouses and children. The provision takes effect upon enactment for new applicants and on January 1, 1997 for those currently on the rolls. The somewhat less stringent House SSI provisions exempted more immigrants: those over 75; lawfully admitted permanent residents who cannot naturalize due to disability; refugees and veterans. CBO estimates the Senate SSI immigration provision would save about \$11 billion over five years and about \$17 billion over seven years. About 550,000 immigrants would be made ineligible for SSI benefits in the year 2000.

Medicaid Restrictions--The Senate Finance bill deems sponsor's income for programs authorized by the Social Security Act for five years *or* the length of a sponsor's affidavit of support, whichever is longer. The provision includes Medicaid, which currently lacks a deeming requirement. It is unclear how many immigrants would be affected and Medicaid savings estimates are not yet available.

Supplemental Security Income for Children

Cash Benefits--Under the Senate Finance Committee bill, benefits continue to be in the form of cash. (By contrast, the House bill limits cash benefits to those currently on the rolls and 20-50% of the most severely disabled applicants. Services funded by block grants to States replace 75% of the value of the former cash benefits.) Retaining only cash benefits is a stance the Administration can support.

Eligibility & Program Integrity--The Senate Finance bill establishes a new more stringent definition of childhood disability that effectively reverses the Supreme Court's 1990 *Zebley* decision by raising the level of severity of impairment(s) needed to qualify for SSI. The bill also requires periodic eligibility re-determinations to ensure that SSI is not erroneously paid to ineligible individuals. (The House bill has more severe eligibility restrictions.)

Cost Estimates--SSI children's provisions save about \$7 billion over five years and about \$11 billion over seven years, including the Medicaid and Food Stamp interactions. About 250,000 currently eligible children would be denied SSI in the year 2000.

Supplemental Security Income for Drug Addicts and Alcoholics

The Senate Finance Committee's bill, like the House bill, ends SSI eligibility for individuals whose drug addiction or alcoholism is a "contributing factor" to their disability. Under the Senate version, benefits would continue more than a year longer but the Senate bill does not reinvest part of the savings into drug treatment and research. Savings are about \$2 billion over five years and about \$3 billion over 7 years (CBO), which are very similar to House savings.

Child Support Enforcement

The Finance bill adopts most of the Administration child support enforcement proposals, as does the House-passed bill.

May 18, 1995

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Bruce Reed

SUBJECT: Welfare Reform Update for Democratic Governors Call

In your conference call on Friday, Democratic governors will ask about the Administration's strategy for the Finance Committee mark-up of welfare reform next week. They are trying to decide what they should do as a group to affect that debate.

If the subject of welfare reform comes up, you should 1) thank them for keeping pressure on Thompson and others for a contingency fund (see below); and 2) urge them not to do anything next week to undermine Democratic efforts to push for changes in the Finance Committee. Their line should be: If you want states to put people to work, give us the resources to make welfare reform work.

At our urging, Dean, Romer, and other Democratic governors have tried valiantly to negotiate a bipartisan welfare reform agreement through the NGA. Although Engler has blocked any official agreement, Thompson met with Dole yesterday to lobby for a key piece of it -- a contingency fund that will provide some protection against economic downturn by providing additional funds for states that maintain their effort and want to draw down more federal money. There is a good chance some Republican moderates on Finance (Hatch, Chafee, Simpson) will support this approach.

We have not yet seen a Packwood mark, but sources tell us that it will be vulnerable on a few key points. It preserves the foster care entitlement, but is still tough on kids, because it appears to accept the House cuts on SSI for disabled kids. It is also weak on work in an important respect: it consolidates the AFDC, JOBS, and child care money into a single block grant, so that no money is set aside specifically for child care and work activities.

As you saw yesterday, Moynihan remains a problem. He has introduced a liberal bill (no time limits, no co-sponsors). Conrad and Moseley-Braun have bills as well. Daschle, Breaux, and Mikulski will hold a press conference Monday to criticize the Packwood mark and announce the principles of the Senate Democratic alternative, which they will wait to offer on the floor.

The Democratic governors are looking for some role to play next week. They have talked about announcing they could live with an AFDC block grant under certain conditions. That would only undercut the Senate Democrats' efforts to make changes in committee, and gain us nothing in return. If they want to help, they shouldn't get into the entitlement-vs.-block-grant debate in public and stick to the argument that welfare reform won't be real unless Congress gives the states the resources and incentives to put people to work.

THE WHITE HOUSE
WASHINGTON
May 3, 1995

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Rahm Emanuel
Bruce Reed

SUBJECT: Talking Points for Packwood Meeting

I. BACKGROUND

This meeting is an opportunity for you to both extend an offer of bipartisan cooperation and communicate the President's priorities in welfare reform. As you know from our meeting, Republicans on the Finance Committee appear unified on block granting AFDC and child care. They are prepared to pass their bill in committee with or without Democratic support, but Packwood's staff extended the offer to talk with the Administration if we were willing to negotiate within a block grant framework.

Packwood said earlier this week that he expects to mark up a bill the last week of May. The committee has completed hearings, but is holding a closed-door session with Shalala on Thursday afternoon because she was not available to testify earlier. We expect Senate Democrats to introduce their alternative early next week.

II. WHAT TO TALK ABOUT

A. Opening Remarks

1. We appreciate your desire to work with the Administration by wanting to meet. By keeping this outside reconciliation, you've left open the hope that this can be bipartisan.
2. We have a mutual interest in getting this done in a real and honest way. The Senate has a responsibility to govern and to legislate -- over here, you are playing for keeps. I'm sure that you and your colleagues do not want to go through the same ordeal at great political cost that the House Republicans went through on this issue.

B. Bottom Line Issues

1. **Work:** The President's most important priority in this whole debate is making sure that welfare reform is centered around work. That was at the heart of his efforts in Arkansas and in the Family Support Act. It was at the heart of the Brown-Dole bill that you co-sponsored last year. It was at the heart of the Oregon welfare waiver that you

pressed for and the President granted. And it is the litmus test by which the public will judge this whole effort. Republicans and Democrats have never disagreed about this in the past, and we shouldn't disagree about it now.

[If asked to clarify what that means, you should say: Moving people from welfare to work has been at the center of the President's plan, the Dole-Brown bill, and the Republican Contract. That means states and counties must have the resources to move people to work -- child care, job training and placement, etc.]

2. Don't be tough on kids: Republicans can't afford to be seen as cruel to children. That would wipe out any other political benefit from passing legislation. (In last week's Wall Street Journal poll last week, Americans said by a margin of 48-37 that they were more concerned about Republicans going too far and hurting children than about Democrats not going far enough.) That means:

* **Disabled Kids:** Don't go after abused and disabled kids by gutting child welfare and SSI. (We can reform those programs, but let's not gut them.)

* **State Effort:** Make sure that your plan includes a state match, state maintenance of effort, or some incentive to make it worth states' while to put up some of their own money. We need state accountability -- otherwise they should just raise the taxes for these programs themselves.

* **Growth/Economic Downturn:** Provide some protection for states with growing populations or economic downturns. Even Republican Governors like Voinovich and Whitman have spoken out about this.

[If pressed on the question of block grants vs. entitlements, you should say: The President prefers the entitlement. But if you're not going to go that route, you'd better address these other concerns -- state effort, population growth, economic downturn.]

3. Don't block grant food stamps: Senator Dole and other leading Republicans have spoken out eloquently for the Food Stamp program in the past. It has always been a bipartisan program. If it needs to be reformed or trimmed, fine. But it shouldn't be blocked. Food Stamps is the ultimate economic stabilizer, and every state will pay heavily down the road if you try to remove that protection. [Note: Packwood will probably pass the buck to Lugar on this point, but he needs to hear a firm signal from us.]

4. Tough child support enforcement: We reached bipartisan agreement on a tough child support enforcement package in the House, and we hope you will go along with it.

THE WHITE HOUSE
WASHINGTON

March 30, 1995

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Rahm Emanuel ^{RE}
Bruce Reed ^{B.R.}

SUBJECT: Welfare Reform Strategy

This memorandum suggests a legislative and communications strategy for our welfare reform efforts in the Senate.

I. The Debate So Far

For the American people, welfare reform and the ability to achieve it have become a fundamental question of whether the political system or either party can reform government to reflect their basic values. More than any other issue this year, the debate over welfare reform will define the political character and credibility of both parties.

After the election, we set out to achieve two goals on this issue -- first, to regain the initiative by highlighting the President's record on waivers and child support enforcement and his commitment to real, bipartisan reform; and second, to seize the center and marginalize the House Republican plan by defining it as cruel to children.

We still have a long way to go before we can claim victory, but we have met our goals to this point. The Blair House meeting, the child support executive order, and the 25th waiver helped get the Administration back in the game, and the lines the President drew in the State of the Union, the NACO speech, and the radio addresses have defined the issue on our terms. We have a clear, winning message that puts the Republicans on the defensive: Welfare reform must be tough on work and responsibility, not tough on children.

Our task won't be any easier in the Senate, where the players are more moderate but the stakes are much higher. Dole has a tough choice to make. He will be under pressure from the conservative and gubernatorial wings of his party to send us a bill we don't like. On the other hand, he and his colleagues don't want to endure the beating their House

counterparts took for being mean to children. Moreover, with the defeat of the balanced budget amendment and term limits, Republicans may now find that their interests coincide with ours: they need to produce a welfare reform bill to prove that they can deliver real change.

We have three main objectives for the Senate debate:

1. We must make work the test of real reform. Now that we have locked in child support in the House, we need to make work our central focus in the Senate. By staying away from the meanest House provisions -- cuts in school lunch, the denial of benefits to teen mothers and legal immigrants, etc. -- Senate Republicans will make it harder (though not impossible) for us to criticize their plan as tough on kids. We will have to focus on the other half of our argument, that welfare reform isn't real unless it moves people from welfare to work.

This is a more complicated case to make. We will need to explain why people need child care to get and stay off welfare, and why welfare reform cannot magically save heaps of money. But unlike entitlements versus block grants, this is a debate we can win with the public, which sees work -- far more than saving money or reducing illegitimacy -- as the whole purpose for welfare reform. Moreover, the press and responsible moderates in the Senate know we have the high ground on this issue. As Chafee said in a Finance hearing earlier this week, "Let's face it -- you can't just demand they get off welfare. What happens then?"

Work is also the 'Achilles' heel of pure block grants. A welfare block grant with no strings attached will not survive the criticism that it doesn't require anyone to go to work. A welfare block grant with tough strings but not enough money -- the more likely outcome -- can be attacked as phony reform that can't work and shifts enormous costs to the states. And as we saw in the House, "weak on work, tough on kids" is a powerful, damaging message.

2. Keep showing progress in ending welfare on our own. The best way to keep pressure on Republicans in Congress is to show that our fortunes are not tied to the legislative process. The President has a tool more powerful than a veto threat -- call it a waiver threat. Every waiver we grant shows that we're willing to end welfare with or without Congress, and that we don't have to wait on them to give states more flexibility or move people from welfare to work. Several important waivers will be pending in the next few months -- including a few such as Massachusetts that may be controversial but are crucial to this strategy. The press is beginning to credit these waivers as real reform, and we should give the President every chance we can to visit key states to grant waivers, or to tour welfare-to-work programs in states that have already received waivers from this administration.

The speech to the Florida legislature this week was one such opportunity. We are looking for other executive actions to show progress on welfare reform -- including another possible executive order or agency crackdown on child support.

3. Insist on bipartisanship. On an issue with such broad support among Americans in both parties, neither side wants to get caught on the extremes, either defending the status quo or punishing innocent children. We need to do everything we can to keep both sides from splintering and leaving us stuck in the center with nothing to sign.

As we saw in the House, a narrow partisan majority is bound to produce a bad bill -- worse, perhaps, than many Republicans intended. After the House debate, we called for more bipartisanship and less political rancor, and Gingrich's conciliatory response suggests that the Republicans recognize that they will have to come our way. We need to encourage that by continuing to take the high road, appealing to reasonable Republican moderates, urging Democratic Senators and governors not to walk away from the table, and insisting that the American people want us to work together and get this done.

II. Communications Strategy

The President's actions and speeches over the last three months have finally given the Administration a profile on welfare reform. We are winning the communications battle on an issue that should have been a cake walk for the Republicans. However, we can hardly rest on our laurels. Welfare reform is still a Republican issue, and we still do not have the votes. We need to maintain the initiative and hold onto the center by continuing to strike this tone of bipartisanship and progress.

What follows are proposed communications events for the President, Secretary Shalala, and Governors, that will enable us to focus on the above priorities.

- * **FLORIDA SPEECH** - This week the President showed that we are not just calling for an end to welfare as we know it, we can point to working mothers who prove that we are ending welfare as we know it. Waivers must become the validation of our progress and our insurance policy if welfare reform legislation does not pass. We should tout every success story we can find in key states that have received waivers - Colorado, Oregon, Ohio, etc. Focusing on waivers not only substantiates the credibility of our efforts, but it draws attention to work as the central component of our welfare reform.
- * **UPCOMING WAIVERS** - Missouri and Delaware have both submitted applications for waivers to HHS and are nearing approval. Both states have Democratic Governors who attended the Blair House Summit. We have submitted a scheduling proposal for the President to go to Missouri on his Midwest Swing on April 26. This is where the President originally announced his welfare reform package last June. The President would visit a worksite and announce the 26th waiver and reiterate the themes of progress and work.

We could announce the Delaware waiver at the Saturday Radio Address on April 29. The President would use this as a pivot to give a bigger message on welfare reform and the importance of work as the Senate gears up for this debate. Gov. Carper, who is the lead governor on welfare reform for the DGA, would attend the radio address. Following the radio address Gov. Carper would brief reporters in the briefing room to validate the President's accomplishments on welfare reform, discuss his waiver, and warn what the House approach would do to block Delaware's welfare reform efforts. (Roth is a key swing vote.)

Assuming that the Senate debate continues for another two months, the other waivers that we will be able to announce include: Arizona, Montana, Massachusetts, New York, and possibly Virginia. These need to be timed in coordination with the Senate debate and they will become the drumbeat of our message on the significance of work. The Massachusetts waiver will be controversial, with the toughest work requirements so far, but it passed a Democratic legislature with overwhelming support, and the President has reportedly told Gov. Weld that we would not stand in their way. Assuming this waiver is approved, the President should travel to Boston to grant it.

- * **LICENSE REVOCATION** - Attached you will find a memo outlining a Presidential directive which would order a 60 day review of the federal professional licenses and a revocation process. The goal is to determine how best to deny federal licenses to deadbeat parents.

This would allow us to keep the issue alive for 60 days during the Senate debate and show that we are committed to the notion of cracking down on child support.

Time Magazine, the weekend nightly news, and the New York Times have all done stories giving us credit for addressing this issue. To keep this issue in the news, we can announce that the report is underway. At the end of the 60 days we would announce which agencies and licenses will be part of a new system of federal license revocation.

- * **CHILD SUPPORT COLLECTIONS** - The Justice Department has a number of cases pending on child support collection. DOJ and HHS will soon be able to announce another 50 cases cracking down on dead beat parents. The announcement could be with the President or just Secretary Shalala and the Attorney General. The message would be that in conjunction with the President's desire to crackdown on deadbeat parents, we are now taking another 50 cases to court.

* **REGIONAL COLUMNISTS** - A number of reporters from key regional papers write on welfare reform. We should bring them in to meet with the President to discuss welfare reform, in the same way we did with the national columnists. Specifically, we should invite columnists from the St. Louis Post-Dispatch (Bond), the Boston Globe, Portland Oregonian (Packwood), Wilmington News-Journal (Roth), Providence Journal (Chafee), Salt Lake City Tribune (Hatch), Cleveland Plain Dealer, Columbus Dispatch (Voinovich), Denver Post (Brown), and other key targets.

* **CONGRESSIONAL LUNCHEON** - The President should have a luncheon with Senator Packwood and Oregon CEO's who participate in their private sector welfare to work program; Senator Moynihan and representatives from America Works, a well-respected work program in New York; and Senators Breaux and Brown, who have co-sponsored a bill to provide job placement vouchers for welfare recipients, to discuss work and welfare.

There are two communications options for this meeting:

(1) The President could make an announcement to a pool spray where he articulates our message for this event -- that he will be meeting with people involved in real welfare reform, who help people earn a paycheck rather than a welfare check, to discuss how best to promote work in welfare reform legislation.

(2) This could be a private lunch, which we give as a feature to only one reporter with all the anecdotes, so that it becomes a story for all the media to chase.

* **MARYLAND WORKSITE** - The President should travel with Rep. Connie Morella (who voted for the Deal Bill and against the House Republican plan) and Sen. Barbara Mikulski to a Maryland site where welfare people are working. This event would show bipartisan support for real welfare reform that promotes work, and could be coupled with some kind of announcement on what he expects from a welfare bill.

* **WALL STREET JOURNAL LETTER WRITING STORY** - Mike Frisby is doing a story on the President's correspondence. One of the central figures is a former welfare recipient who wrote the President about her own success in getting off welfare and about a manual she wrote on how to move from welfare to work. We gave Frisby a copy of the manual as well as a copy of her grades which she sent in to the President. This is part of a larger story on how people

stay in touch with this President, but this woman is certain to be brought up in the piece. We could follow up the story by inviting her to the White House and sending a copy of her manual to the Hill.

- * **COLORADO** - When the President is in Colorado for the Air Force Academy commencement speech on May 31, he could visit one of the worksites that have been established under Colorado's welfare waiver. This waiver was signed long ago and has been very successful. The President could visit one of the sites with Governor Romer (perhaps the most important player in trying to broker a bipartisan agreement from NGA) and Senator Hank Brown, (who worked with the President on the Family Support Act of 1988 and is a potential ally in the Senate).

- * **SECRETARY SHALALA** - Secretary Shalala's communication during the House debate focused on hitting the weak part of the GOP proposal, which allowed the President to focus on the national interest in welfare reform. We want her to continue this role in the Senate debate, ie.)through her testimony, regional meetings, etc.

Secretary Shalala will be submitting an op-ed to the Washington Post which focuses on what was wrong with the House Bill and what real welfare reform should be. We are working on the first draft now, but the op-ed will be submitted this week. It will be the first signal in trying to focus the Senate debate on work.

- * **EASTER RECESS** - Over the Senate recess, we want print stories to appear in local papers on the cost of the House welfare reform bill to each state and how the GOP proposal is cruel to children. We will bring in individual reporters from states, with key Senate targets to write about welfare reform during the Easter recess.

- * **DISTRICT MAILINGS** - We are planning to send out mailings in each district on the basic pieces of welfare reform.

- * **FOOD STAMP EBT CARD** - The Vice President should be responsible for promoting the food stamp card that prevents fraud and abuse. We have test projects going on in six states where the card is working. We are working with the Vice President to have him promote this card during the Senate recess so that it is part of our crack down on fraud and abuse.

III. Legislative Strategy

Contrary to dire press accounts earlier this week, the Senate is still very much up for grabs. In general, Senate Republicans are leaning strongly toward block grants, but it remains to be seen where the moderate Republicans will come down, and how much say the Democrats will have in the outcome.

Republicans on the Finance Committee have already made clear that they want no part of the nastiest provisions in the House bill. Dole and Hatch have denounced the cutoff of unwed teen mothers (and Shaw has said he would yield in conference). Dole and Simpson have cast doubt on the denial of benefits to all legal immigrants, with deeming to citizenship (as in the Deal bill) more likely. The Senate also seems unlikely to include the illegitimacy bonus or a mandatory family cap, unless Gramm can add it on the floor.

But most of the major questions are up in the air. Republicans have not decided how soon they will take this up, whether it will be a stand-alone bill or become part of reconciliation, and how broad the scope of welfare reform should be (whether to include food stamps, child welfare, and other programs, or just block grant child care and AFDC). Pivotal moderates on the Finance Committee (Roth, Chafee, Hatch, and Simpson for the Republicans, Baucus, Breaux, Conrad, and Graham for the Democrats) have not spelled out what they would be willing to accept. Moynihan and Daschle have not decided whether to push a Democratic bill. Over the past week, we have been trying to gather the best intelligence on these questions so we can address each in turn. In addition, part of our meeting next week with Senate Democrats should be to provide a legislative strategy focused on work.

1. Timing: No action is expected in the Finance Committee until at least May and possibly later. We heard some reports that Packwood might speed things up after last week's meeting with Thompson and Engler, but his staff says they won't have a bill ready till June.

2. Reconciliation: Dole said this week that welfare might be included in reconciliation, which would make it easier for Republicans to proceed without Democratic support. Domenici says no decision has been made. The reconciliation route has many advantages for them -- they need the money to meet their deficit targets, and they could avoid a Democratic filibuster. But some aspects of welfare reform (such as child support enforcement) would run into Byrd rule problems, and if they want to make welfare reform one of their central achievements, they should know better than to bury it in reconciliation -- just look at what happened to us with the EITC. Alternatively, they could pass a stand-alone welfare reform bill and count the savings when they get to reconciliation.

Welfare reform will be better off for all concerned if it is addressed on its own, rather than rammed through on a partisan vote as part of reconciliation. This is another reason we need to resist any statements on our side that might embolden Dole to go that route, and use every opportunity we can to call for bipartisanship. If Republicans head down the road

toward reconciliation, we need to be able to claim the bipartisan high ground, so they know they will pay a high political price for going it alone.

3. Moderate Republicans: Several thoughtful Republicans on Finance are still trying to calibrate their positions on welfare reform. Chafee said yesterday that the House Republican bill "lost sight of what our goals are in welfare reform" by focusing "entirely on how to save money and give states maximum flexibility." He told the committee, "It is very important that we not allow ourselves to be carried away in that manner." Other members have their own concerns. Even Packwood's views do not appear to be set in stone. All he has said is that he favors block grants, likes Oregon's waiver, and opposes conservative strings.

We will be meeting with key members and their staffs in the coming weeks to make sure they understand the consequences of the House bill and the state impacts of block grants. We will also make sure that the major newspapers and prominent state and local officials in important states are fully briefed on state and local impacts. We will take the same approach with moderate Democrats.

4. Scope: Conventional wisdom is that Senate Republicans will stay away from block granting nutrition programs and perhaps child welfare, but focus on AFDC, child care, and SSI. Lugar and Packwood said this week that they might be interested in block granting food stamps, but others are likely to resist that idea as happened in the House. The Senate will almost certainly stay away from school lunch. The scope of the bill may be determined by the deficit targets Domenici sets in these areas.

5. Alternatives: Daschle has convened a welfare reform task force, but members have held off from developing a Democratic alternative in hopes that some bipartisan negotiations could begin. Most Democrats will defer to Moynihan, who has not decided whether to draft his own bill. Earlier this week, there was a flurry of concern that Moynihan might be seeking a veto threat over the entitlement issue, but that now appears not to be the case. Democrats continue to be interested in doing everything possible to keep the door open to bipartisan compromise, while reserving the right to develop a Democratic alternative if it becomes necessary down the road. Such an alternative might end up looking like the Deal bill -- or something else altogether, if Moynihan presses for a more modest approach.

If a bipartisan, center-out bill is going to emerge, it will come from negotiations either between Packwood and Moynihan, or between moderates like Breaux and Chafee. Breaux already co-sponsors the PPI job placement voucher bill with Hank Brown, and might be able to build a bipartisan compromise around that. As in the House, our role will be to try to educate members in both parties, and provide legislative support to members who want to draft their own alternatives.

WR-Strategy

THE WHITE HOUSE
WASHINGTON

December 1, 1994

MEMORANDUM FOR LEON PANETTA
CAROL RASCO

FROM: RAHM EMANUEL
BRUCE REED

SUBJECT: WELFARE REFORM STRATEGY

The upcoming debate over welfare reform will define the political character and credibility of both parties. For the American people welfare reform and the ability to achieve it is a question of whether the political system or either party can reform government to reflect their basic values.

Up until the mid-term elections, the Democratic Party and the President were running even with the Republican Party on welfare reform issue. In the wake of the elections, the Republicans have gained the upper hand. Unless we work aggressively and dramatically to take back the initiative they will control this issue and reap any political dividends from reforming welfare. We must do two things to reverse their current advantage:

I. Regain the initiative.

We cannot afford to sit back and watch the debate unfold in Congress. At the appropriate moment, the President needs to dramatize that this is a central priority for him and for the country, by bringing leaders from both parties and around the country together for a summit on welfare reform.

II. Seize the center and exploit Republican divisions by identifying the House plan as an orphanage bill that is punitive towards children.

This should be our primary focus during the down days of December. Dissension is growing in the Republican ranks, with Dole, Gingrich, and now Clay Shaw publicly distancing themselves from orphanages. By the time this bill gets to the House floor, we want every American to know that the Republicans are becoming the party of orphanages - which should force them to retreat from some of their other harsh provisions as well.

If we can accomplish these two objectives within the next two months we can change our current political standing and the political landscape of the debate.

I. Regaining the Initiative

The following events are specific means to regain the initiative.

1. Next Thursday a bipartisan group of governors are coming to the White House to discuss health care and welfare reform. At this meeting, the Administration should call for a Welfare Reform Summit to be held in January.

The White House Summit should be bipartisan and include representatives from all levels of government -- delegations of Governors, Senators, and Congressmen, should be invited. We may want to invite mayors, state legislators, and county officials as well.

This event is a critical first step to regaining the initiative and being responsible for creating the true national dialogue needed to reform the system.

2. The Welfare Reform Summit could be held for two days at Camp David. The objective of the Summit is to put forward our core principles, and try to get others to agree on them.

The core principles:

1. Reward work over welfare.
 2. End teen pregnancy.
 3. The toughest child support enforcement possible.
 4. Rid the system of fraud and abuse.
 5. Must save money without shifting costs to the states.
 6. No orphanages.
3. At the NGA conference, the President would announce that he will grant waivers to a number of governors to change their welfare system. This will be a bipartisan effort, reward work over welfare, and begin on the road of changing behavior and the system.
 4. At the President's Mid December speech, he should mention his desire for welfare reform and highlight the issue of dead-beat dads. On the following day the Department of Justice and HHS would hold a joint press conference announcing that they are prosecuting 50+ cases of dead-beat dads and their new program to aggressively pursue these cases.

5. In early January, the President with leading citizens would announce a private sector campaign to curb teen pregnancy.
6. Two weeks after the NGA conference we should introduce our welfare reform bill as a centrist alternative to the Republican Contract, but reiterate that our core principles are more important than legislative details.

II. GOP PLAN

Although there are some similarities between our plan and the GOP plan, the GOP plan is needlessly punitive towards children.

There are four events that can publicize this.

1. HHS will release a study on the costs of orphanages.
2. The day after the HHS releases its study, the Salvation Army can use the holiday season to attack what orphanages and attacks on the poor will do to families.
3. HHS should leak a memo on the study of how the Republican cap would force cuts in collections from dead-beat dads.
4. Leak analysis of cost shifts in GOP plan to David Broder.

Simply put, our goal should be to make the issue of punishing children and dividing families the defining characteristic of the Republican Plan. If we succeed in doing this, by the time the Republicans vote on their plan they'll be running against a preconceived notion that the Republicans are pro-orphanage and anti-children. The orphanages are to welfare reform what Perot was to NAFTA and the NRA was to the assaults weapons ban.

WR Strategy

THE WHITE HOUSE
WASHINGTON

March 2, 1995

MEMORANDUM FOR DISTRIBUTION

FROM: RAHM EMANUEL ^{RE}
BRUCE REED ^{B.R.}
SUBJECT: WELFARE PLANNING

TIMELINE

We expect the House to finish the mark-up in Ways and Means this week, and take up the welfare proposal on the House Floor in late March or early April. It is impossible at this point to project the timeline for the Senate. Next week the Senate Finance Committee begins a weekly hearing on welfare for the next two months.

STRATEGY

Our strategy consists of two components:

I. Secretary Shalala and House Democrats: Attacking the House Republicans as Weak on Work and Cruel to Kids.

Secretary Shalala and the House Democrats have been constantly attacking the Republicans for being weak on work and cruel to kids. This strategy has been very successful in framing the debate on the nutrition programs, food stamp programs, and phony work requirements in their bill. The Republicans have been forced to alter their bill numerous times, and, as you can see from Wednesday's New York Times, the Republicans are beginning to respond to our attacks and criticism of their legislation. We are setting the tone and standard for welfare reform, and we should continue to keep the Republicans off balance.

II. The President: Pushing for Welfare Reform that is Tough on Work, Tough on Deadbeats, and Fair to Children.

Our goal for the President is to stay above the legislative fray and announce his principles for welfare: ending welfare as we know it, tough work requirements,

requiring responsibility from parents, reducing teen pregnancy, and protecting children so that they benefit from welfare reform, not bare the brunt of it.

To reinforce these principles we are doing the following:

1. The President signed the executive order on child support enforcement.
2. We are producing a memo outlining additional actions to be taken by the President on "dead-beat" parents.
3. The President sent a letter on Thursday to the Chairman of the House Ways and Means Committee saying that the Republican proposal on child support is inadequate and telling them what needs to be included for this to be a thorough and complete welfare reform proposal. We need to maintain the high ground on this subject.
4. White House Counsel is looking into which Federal regulatory agencies that issue licenses (ie. FCC, FAA, etc.) can have a program to crackdown on "dead-beat" parents who receive licenses from those agencies.
5. On March 7th, the President is giving a major address to the National Association of Counties. This speech will focus on his welfare principles and it will pivot off of the fact that on that day the President will have granted the 25th welfare waiver to the state of Ohio. Half the country will at this point be participating in some type of welfare proposal initiated by this administration.
6. Oregon is operating an innovative program under the welfare waiver signed by the President, that enables private sector employers to hire welfare recipients in subsidized jobs. This is the kind of private sector involvement in welfare reform that we have always talked about and supported.

We have recommended that we add a leg on the President's trip to California on April 8th to go to Oregon and do a welfare event with business leaders and people who have left welfare for work. This may coincide with the legislative activities on the House Floor.