

AS SENT

May 30, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
SUBJECT: The Politics of Welfare Reform

This memo includes an update on the political and legislative landscape for welfare reform, and some thoughts on how to talk about our plan, as you requested. We are also working with Rahm and others on a rollout schedule, and have attached a separate briefing from Stan on his most recent findings.

I. Political and Legislative Update

As we have discussed before, there is a broad and powerful consensus (with exceptions on the extreme right and left) for the basic elements of our welfare reform plan. Support for time limits, work programs, and tougher child support enforcement exceeds 80-90%, with little variation across race, class, or party. Even on the issues that the Republicans think work for them -- cutting off benefits for legal immigrants and unwed mothers -- people prefer our alternatives by two- and three-to-one margins.

The current lull in the health care debate gives you an opportunity to speak out on these issues, at a time when Americans are united in believing the country has a welfare crisis and Republicans (for a change) are the ones divided over what to do about it. Recent developments in both parties have left you a good opening to dominate the debate.

A. The Republicans

Republicans are now at war with one another over whether to back the original House Republican welfare reform bill or go further, and seek to cut off unwed mothers under 21 altogether. Gingrich and many other Republicans in the House want to stick with their original bill, which has 162 of 175 House Republicans as co-sponsors and would enable them

to share credit for whatever passes, since the biggest differences between our plan and theirs are over how quickly to phase in and how much to cut benefits for immigrants. Bennett and Kemp sent out another William Kristol memo last month arguing the original House bill plays into your hands, and that Republicans should insist instead on a purist, Charles Murray approach that enables them to hang onto the welfare issue. According to Fred Barnes, Kemp thought the new proposal was a bad idea, and only signed on after they promised to include \$75 billion in unpaid-for tax cuts.

Once again, you have put Republicans in an awkward position. Either they push to get something done, help you accomplish what they've spent their careers crying out for, and risk losing a favorite wedge issue, or they change their tune, move to the right, and run the risk that they'll look like obstructionists and box themselves into a position with little popular support. The Kemp-Bennett-Kristol about-face is not only the worst kind of political posturing; it is also bad politics. A recent Los Angeles Times poll found overwhelming support for our approach over Murray's: 70% favored requiring people on welfare to work, versus 25% who favored cutting off benefits for young mothers.

The Republican infighting should help us in several ways. First, it marginalizes conservatives like Bennett and Kemp (who have their own aspirations), and makes them look blatantly political. The same thing happened to Republicans on crime: you said "three strikes," they said "two strikes"; you said "boot camps," they said "stockades" — and they looked silly in the process. On this issue, they would rather play politics than fix what everyone agrees is a welfare system in crisis.

Second, it takes attention away from the divisions within our own party and pushes moderate Republicans closer to us. Rick Santorum, the lead House sponsor, now spends as much time attacking opponents on the right as he used to spend attacking us. When the House held an Oxford-style debate on welfare reform last month, all the Republicans who spoke distanced themselves from the Charles Murray approach.

Finally, the Republican schism is yet another reason for Republican governors to prefer our plan. Most governors view the Murray approach as a direct cost shift to states and communities, who will still have to provide for young mothers in some way. In addition, they are worried that the House Republican phase-in would impose massive new costs on the states, and do nothing to sweeten their JOBS matching rate. Our plan phases in sensibly and enables states to recoup most or all of their new costs through tougher child support enforcement, caseload savings, and an increased federal match. The House Republican financing scheme also would shift the cost of providing immigrants with health care and other services almost entirely to the states. Pete Wilson has already complained that such provisions would leave California, with 40% of the immigrant population, paying 40% of the tab for welfare reform, even though the state has only 20% of the welfare caseload. Our deeming provision shifts the costs of supporting immigrants to the families who sponsor them to come into this country; it may actually save states a little money in AFDC and food stamps.

None of this means that it will be easy to get Republican votes in the House. In the end, they will have to confront the same choice they have faced on crime and NAFTA. We ought to be able to pick up 60-100 Republican votes for welfare reform, but we will only do so if Mack, David Gergen, Pat Griffin, and others reach out to Gingrich and company to let them know we're genuinely interested in a bipartisan bill. That will become even more important if Congress doesn't finish welfare reform this year.

B. The Democrats

Several Democrats have put forward their own welfare reform bills, some consistent with our approach and others not. The Mainstream Forum introduced legislation that borrows heavily from our plan. Their bill adopts the same phase-in (starting with those born after 1971) and similar provisions on time limits, work requirements, child support, etc. The most significant difference between our bill and theirs is that they propose the same immigrant financing scheme as the Republicans (although McCurdy has said he might be flexible on the Medicaid part of it).

Liberal Democrats have been relatively quiet. Tom Harkin introduced a bill with flexible time limits (6 months for some people; longer than 2 years for others). Eleanor Holmes Norton wrote an outstanding Washington Post op-ed last month on the importance of work as the unifying principle for welfare reform. Bob Matsui and Patsy Mink have each introduced bills which expand the JOBS program but do not include time limits or serious work requirements.

We have met several times with Moynihan, who seems happy with our general direction but has not tipped his hand on many specific details. In the House, Harold Ford is eager to make his mark with this issue, although from time to time he suggests giving everyone on welfare jobs that pay \$9 an hour. If Ways and Means is slow to take up welfare reform, moderate Democrats could join Republicans in a discharge petition, but so far we've persuaded them to keep their powder dry.

There is a chance Ways and Means could take up welfare reform sooner than they might like because Rostenkowski promised them a vote on cutting immigrant benefits. Earlier this month, Santorum tried to attach an amendment to the Social Security bill that would have eliminated all benefits for all non-citizens. It was narrowly defeated by a vote of 20-16, with Harold Ford voting present. The only way we talked Ford and other Democrats out of voting for that amendment was by pleading with them to wait until we introduce our bill, so that at least they could use whatever money they squeeze out of immigrants to pay for welfare reform rather than deficit reduction.

We have been working hard to line up support from outside groups. We hope to get a DGA endorsement, and a strong statement from the NGA is not out of the question. The DLC will say nice things about our bill and the Mainstream Forum's bill; they agree with us

that welfare reform should be paid for through budget cuts, not just cuts in immigrant benefits. We have probably met enough of AFSCME's concerns about displacement to keep them from opposing our plan, but like the advocacy groups, they still wish the issue would just go away.

II. Highlights of Our Welfare Reform Plan

As you well know, the welfare debate is less about policy and politics than it is about values. The trouble with the current welfare system is that it undermines the values that matter most -- work, responsibility, family. The current system makes welfare more attractive than work, and lets too many parents avoid responsibility for supporting their children.

Our welfare reform plan is based on the basic values and principles you outlined in the campaign: No one who works full-time with a child at home should be poor, but no one who can work should stay on welfare forever. We need to make welfare what it used to be -- a second chance, not a way of life. The ones who hate the welfare system most are the people who are trapped by it. Governments don't raise children; people do. People who bring children into this world should take responsibility for them. Government has to do all it can to expand opportunity, but people have a responsibility to make the most of it. We could have all the programs and spend all the money in the world and it won't do a bit of good if people don't do right. And so on.

The attached talking points outline the highlights of our plan. (We will give you complete information on costs and financing when you return from Europe.) There is plenty to talk about in an initiative that costs \$10 billion over 5 years and \$30 billion over 10. But it is easy to get lost in the details. The two values most on people's minds are work and responsibility. As you said to the DLC in Cleveland in 1991, work is the best social program this country has ever devised.

HIGHLIGHTS OF OUR WELFARE REFORM PLAN

I. THE ADMINISTRATION'S RECORD ON WELFARE REFORM

1. EITC: Last year's economic package went a long way toward ending welfare by giving 15 million working families a tax cut through the EITC. The EITC turns a minimum wage, \$4.25 an hour job into a \$6 an hour job. With the EITC and health reform, any job is a good job.

2. Health Reform: Health reform will move an estimated one million women and children off welfare. A recent survey of welfare recipients in Charleston and Nashville found that 83% would take a minimum wage job if it offered health coverage for them and their families. Another study found that only 8% of people who leave welfare for work get jobs that provide health insurance.

3. Waivers: Since January 1993, the Administration has granted waivers to 14 states to try new initiatives on time limits, assistance for two-parent families, limiting additional benefits for additional children, and so on.

II. TIME-LIMITING WELFARE AND REQUIRING WORK

1. Two-Year Time Limit: Everyone who can work will be expected to go to work within two years. To the poor and those outside the economic mainstream, we say two things: No one who works full-time with a child at home should be poor, and no one who can work should stay on welfare forever.

* **A new social contract:** Everyone will be required to sign a Personal Responsibility Agreement that spells out what they can expect and what is expected of them in return. This agreement will include the two-year time limit as well as other state measures to encourage responsible behavior, such as requiring immunizations, denying benefits for additional children born on welfare, requiring mothers to name and help find the father as a condition of eligibility, etc.

* **Fewer exemptions:** Our plan cuts the number of exemptions in current law by half. Current law exempts mothers with children under 3; our plan limits that exemption to mothers with children under 1. The exemption for teen mothers and mothers who conceive additional children while on welfare will last only 3 months.

* **No more something for nothing:** From day one, everyone will be required to do something in return for receiving assistance. Even those who are exempted from JOBS participation will be expected to take part in parenting, community service, or other activities.

* This is not an entitlement to two years of training: Most people will be expected to enter employment well before the two years are up. States can also design shorter time limits for people who are job-ready, and require them to work sooner.

* A lifetime limit: People should have an incentive to leave welfare quickly and not use up their precious months of welfare eligibility. Recipients who use up their 24 months will no longer be eligible unless they enter the work program. The time limit is a lifetime limit: people who have been off welfare for long periods of time will be able to get a few months of assistance to tide them over in emergencies, but they will not be able to start over with a new 2-year clock. This will make welfare what it was meant to be -- a second chance, not a way of life.

2. Work, Not Welfare: We need to change the culture of the welfare office to focus on helping people find and keep jobs, not just writing them checks for life.

* Job search first: Job search will be required immediately of anyone who can work. Anyone offered a private sector job will be required to take it or get thrown off the rolls.

* A clear focus on employment: We will push states to shift their JOBS programs away from classroom training and toward job placement and on-the-job training. Many people on welfare are there because they failed in the classroom; it makes no sense to send them to another classroom when what they really need is help in getting and holding down a job. The best job training program is a job.

3. Requiring and Providing Work: Anyone who can work will have to go to work within 2 years, in the private sector if possible, in community service if necessary.

* Work for wages, not workfare: People will work for a paycheck, not a welfare check. If you don't show up for work, you won't get paid. There will also be strong, escalating sanctions for people who quit or get fired.

* State and local flexibility, with an emphasis on the private sector: States will be able to use the money they would otherwise spend on welfare to create subsidized, non-displacing jobs in the private sector, with non-profits, or in public service employment. Communities will be encouraged to build strong links to the private sector, and can hire placement firms like America Works to help people find and keep jobs. We've worked closely with the business community to design a flexible program without red tape.

* This is a transitional program, designed to constantly push people toward unsubsidized work in the private sector: People will be required to go through extensive job search before entering the work program, and after each work assignment. No work assignment will last more than 12 months. No one will receive the EITC unless they leave the program and take an unsubsidized job. Anyone who turns down a private sector job will be kicked off the program. So will people who refuse to make a good faith effort to find a job when jobs they could get are available.

* No one who can work should stay on welfare forever: This is not a guaranteed-jobs-for-life program. At the end of two years in the WORK program, everyone will go through an intensive assessment. If they're playing by the rules, able to work, and no private jobs are available, they'll get another WORK assignment. If they're unable to work, they can be exempted or reassigned to get more training. If they're not playing by the rules, and if a state determines that they have not made a good faith effort to find available work, the state can opt to remove them from the rolls.

* Real, meaningful work: Communities will have broad flexibility in deciding what kinds of jobs to subsidize or create. We expect these to be non-displacing minimum-wage jobs that represent meaningful work. Business, union, and community leaders will have a say in the process. Many of the most promising entry-level jobs are in growth areas related to welfare reform and other Clinton initiatives. For example, our plan will increase the demand for child care workers in many communities. We expect 10% of the WORK slots to be in child care. Other promising fields include home health aides, teachers aides, child support caseworkers, public housing rehabilitation, and public safety.

* Where the jobs are: You may be asked how we expect to find jobs for people on welfare when millions of Americans are already out of work. First of all, our plan is primarily about job creation -- most of the money goes to create and subsidize jobs, and to make it possible for individuals to take them. Our plan will create 400,000 jobs by the year 2000. Second, there is no shortage of entry-level jobs in this country. McDonald's alone has more job openings every year through normal turnover than will hit the two-year time limit anytime in the next 10 years. Moreover, the Clinton economy is generating 2 million new jobs a year. Third, even under the current system, most welfare recipients are able to *find* jobs; they have trouble *keeping* them. 70% of recipients leave welfare within two years, but most of them come back. That's why it's so important to make work pay better than welfare (EITC, health care, child care, child support enforcement), and to focus the welfare system on helping people make it in the workforce (on-the-job training, job search assistance).

III. PREVENTING TEEN PREGNANCY AND PROMOTING PARENTAL RESPONSIBILITY

1. National Campaign Against Teen Pregnancy: The number of births to unwed mothers has quadrupled in the last 30 years from 92,000 in 1960 to 368,000 in 1991. Unwed mothers (teen and older) accounted for 80% of the growth in the welfare caseload over the last decade, when the number of families on welfare rose from 3.9 million in 1983 to 5 million families last year.

- * A national effort in 1,000 schools: We will launch school-based prevention programs in 1,000 schools across the country with the worst teen pregnancy problems. In each of these schools, National Service volunteers will work with community groups, churches, and business leaders to mentor young people on the importance of delaying sexual activity and parenthood.

- * A strong message from the Bully Pulpit that it is wrong to have children outside marriage: Unwed teen mothers who drop out of school are 10 times more likely to raise a child in poverty than young people who finish school, get married, and wait until their twenties to have children. We are planning a broad-based campaign that involves the media, the private sector, churches, schools, and other groups.

- * Every state will set clear goals for reducing unwed teen births: We will set up a national clearinghouse on teen pregnancy to identify successful programs and help replicate them elsewhere. We will also target a handful of at-risk neighborhoods for intensive prevention efforts.

- * Children who have children should live at home and finish school as a condition for benefits: Our plan will require minor mothers under 18 to live with their parents or a responsible adult and finish high school. They will no longer be able to set up a separate household and receive a separate check.

2. The Toughest Child Support Laws Ever Proposed: Our plan includes the toughest, most comprehensive child support enforcement provisions ever proposed. We can move and keep thousands of families off welfare by closing the \$34 billion child support gap between what absent parents should owe and what is actually collected. If you're not paying your child support, we'll garnish your wages, suspend your license, track you across state lines, and even make you work off what you owe.

- * Establish paternity for all out-of-wedlock births: Last year's economic plan included measures to expand voluntary paternity establishment in hospitals, when fathers are most likely to be present. Our welfare reform plan will require mothers to

name the father as a condition of receiving welfare, and push states to establish paternity more quickly. We want to make fathers part of the safety net again.

* Tracking down deadbeats: Every state will establish a central state registry to track payments and take prompt action when money isn't paid. A national registry of new hires will use W-4 reporting to track delinquent parents who have switched jobs or crossed state lines.

* License suspension: States will be able to use the threat of revoking driver's, professional, and commercial licenses to make delinquents pay. This threat has been extraordinarily successful in Maine, California, and other states.

* Work programs: States will be able to run programs that require men to do community service to work off the child support they owe. We will also run demonstration programs that require delinquent parents with no skills to get training. These programs should pay for themselves. Wisconsin's work program for fathers has produced a phenomenal smokeout effect: 75% pay their support rather than do court-ordered community service.

* Limited demonstration of child support assurance: The plan allows for 3 states to run demonstrations in providing guaranteed child support to families where the absent parent doesn't pay.

3. State Option to Limit Additional Benefits for Additional Children Conceived on Welfare: States that want to impose family caps will have the option to do so. Some states see this as a way to deter additional pregnancies; others believe the welfare system needs to do everything it can to instill responsibility in parents who already have children they cannot support. Early results from New Jersey show a 9% reduction in additional births to women on welfare, but it is too early to draw many conclusions. We also need to make sure that family planning is available to adults on welfare. Welfare recipients don't have more children on average than other women, but many of those who do consign themselves and their families to lives of poverty and dependency.

4. Keeping People from Going on Welfare in the First Place by Providing Child Care for the Working Poor: In addition to providing child care for people on welfare and in the work program, our plan calls for a substantial increase in child care for the working poor. The Administration's FY95 budget also seeks hefty increases in Head Start (21%) and the Child Care Development Block Grant (22%).

* Our plan will nearly double the amount of available child care for the working poor: The plan includes \$1.7 billion over 5 years and \$6 billion over 10 to expand the At-Risk program from \$300 million annually to nearly \$1 billion.

* This program preserves flexibility and choice: States can use the money as they choose to provide child care vouchers or pay providers directly.

IV. GIVING STATES FLEXIBILITY TO INNOVATE

1. A Plan That Works for States: To give states a chance to do this right, our plan is phased in beginning with those born after 1971 -- anyone 25 and under by late 1996, when states begin to implement the program. That represents a third of the adult caseload initially, and will grow steadily to include nearly two-thirds by 2004.

* Young people will think twice before coming on welfare: We're ending welfare for the next generation. One problem with the Family Support Act has been that few recipients know whether they will be subject to its requirements or not. Under our plan, anyone born after 1971 will know that the world has changed, and that welfare can no longer be a way of life. Almost any other phase-in would be subject to gaming, but it is hard to change to change your date of birth.

* If we phased in everyone at once, the program would fail: Even if we had the money for it (which we don't, and neither do the states), a rapid phase-in would overwhelm state capacity, and force them to create massive public jobs programs instead of reaching out to the private sector. The best example is CETA, which grew to 750,000 jobs overnight, and was dismantled nearly as quickly as a result.

* This is still a very ambitious phase-in: Under our plan, more than 400,000 people will have hit the time limit and be working in the WORK program by the year 2000. Today, fewer than 15,000 welfare recipients are required to work.

* States can phase in faster if they want: States will have the option of phasing in other cohorts in addition to those born after 1971 (e.g., all new applicants, all out-of-wedlock births, etc.). We will also make funds available so that they can finish serving those currently in their JOBS programs, as well as older recipients who volunteer.

* States prefer our phase-in: The House Republican bill phases in more quickly, starting with all new applicants and reaching 90% of the non-exempt caseload 2002. This would impose billions in new costs on the states. According to a recent NGA survey, most states like our phase-in. This phase-in was first proposed in a New Republic article by Moynihan's chief welfare aide, Paul Offner.

2. States Will Have Unprecedented Flexibility to Design Their Own Approach to Ending Welfare: Our plan gives states broad flexibility to try new things, because one thing

we've learned in the last 30 years is that Washington doesn't have all the answers. Much of what once required waivers will become available to states as state options:

- * Extending assistance to two-parent families: States will be able to waive the 100-hour rule and let two-parent families stay together.

- * Rewards and sanctions to keep teen parents in school: States will be able to design their own monetary incentive programs like the LEAP program in Ohio.

- * No additional benefits for additional children born on welfare: The Administration has already granted waivers to Georgia and Arkansas; this measure will now be a state option.

- * Incentives to work and save: States can encourage work through higher earnings disregards and saving through Individual Development Accounts.

- * Advance payment of the EITC: States will be able to work with the Treasury Department to develop plans to get the EITC out on a monthly basis.

- * Faster phase-in: States that want to do more will be free to phase in other cohorts in addition to recipients born after 1971.

- * Setting shorter time limits, and requiring people to work sooner: States that want to move recipients into work more quickly can do so. The JOBS program allows states to require CWEP or subsidized private sector work at any time.

- * Experiment with a host of demonstration programs: Our plan includes funds for demonstrations of Individual Development Accounts, child support assurance, teen pregnancy prevention, work and training programs for non-custodial parents, and many other ideas worth testing.

- * Continued waiver authority: We will help states with existing waivers to adapt them once the new law passes. The broad waiver authority in current law will continue.

3. No Unfunded Mandates: Our plan will not impose major new costs upon the states. Over time, in fact, they should save money from increased child support collections and reduced welfare caseloads.

- * Enhanced federal match: States have had trouble implementing the Family Support Act because of its relatively low federal match (in general, 60-40 federal). Our plan increases the federal share to around 67% (higher in some states), which means that the federal government is actually picking up 80% of the new spending.

* States can spend at their own pace: Instead of imposing costly new mandates, we give states considerable flexibility in how much to spend beyond the basic plan. States willing to spend more can choose to expand eligibility for two-parent families, offer higher earnings disregards, or phase in more of their caseload.

* Savings through caseload reduction, child support enforcement, and fraud detection: These programs will pay off in considerable savings from increased child support collection, reduced welfare caseloads, and improved detection of welfare fraud. The computer systems needed to keep track of time limits and track deadbeat parents, along with other measures such as Electronic Benefits Transfer and improved monitoring of the EITC, will enable us to wage a national assault on welfare fraud.

4. Demonstrations to See What Works: Many of the reforms in our plan are based on successful experiments pioneered by the states. We want this innovation to continue. In addition to continued broad waiver authority for state demonstrations, our plan authorizes a number of specific demonstrations for states that are eager to try new things:

* **Building Assets:** As you promised in the campaign, we have taken a number of steps to help people to build assets as one way out of poverty: allowing people to save some money for a home, business or education without losing their eligibility for help; allowing people to own a car of reasonable value so they can find a job and get to work; and giving them the opportunity to become self-employed or start a microenterprise.

* **Individual Development Accounts:** Current welfare rules force recipients to spend their welfare check, and penalize them for savings. Our plan will waive those rules to allow people to set money aside in Individual Development Accounts to buy a home, start a business, or provide for college. States will also be able to run demonstrations in which the government matches those savings.

* **Microenterprise:** In some communities, the absence of economic activity makes it difficult to leave welfare. We want to make it easier for people to start small businesses that enable them to become self-sufficient. Our plan provides for a nationwide demonstration of microloans, which will provide small amounts of money for welfare clients to launch small businesses.

* **Mandatory Work Programs for Deadbeat Parents:** States will be able to use up to 10% of their JOBS and WORK money to run work and training programs for non-custodial parents. We estimate that these programs will recoup 80% of their costs through increased child support collections.

* **Job Placement Bonuses:** We will encourage states to run demonstrations that offer job placement bonuses as an incentive to caseworkers and welfare offices for helping recipients get and keep jobs.

* **Charter Welfare Offices:** States will also be able to encourage competition and accountability by experimenting with chartering job placement firms, such as America Works, to run their JOBS program. (The Reemployment Act has similar provisions for job training.)

V. HOW THIS PLAN "ENDS WELFARE AS WE KNOW IT"

Our plan spends \$10 billion over 5 years and \$30 billion over 10 years, and maps out a rapid revolution in expectations for people on welfare. But because we can't afford and the states couldn't manage ending welfare for everyone at once, Republicans and some in the press will inevitably charge that we have "scaled back" our plan and fallen short of the campaign pledge to end welfare. We need to refute these skeptics by repeatedly stressing how bold our plan really is.

1. The Most Sweeping Work Requirements in the History of Welfare: Our plan will turn a system based on welfare into a system based on work --- because work is the best social program this country has ever devised. Today, fewer than 15,000 welfare recipients in America are required to work. Under our plan, an estimated 400,000 people will be in mandatory work programs by the year 2000. We require people who come on welfare to start looking for work from day one. Everyone who can work will have to do so within two years, or sooner if their state says so. We cut the number of exemptions in half, so that no one who is able to work can avoid it. And we'll move families off welfare by making fathers who are behind in their child support work off what they owe.

2. The Toughest Child Support Crackdown Ever Proposed: The child support enforcement measures in our welfare reform plan are by far the toughest any Administration has ever put forward. For the first time, government will hold both parents responsible for raising their children. Mothers won't be able to get welfare if they refuse to name the father. Absent parents who owe child support will face the most serious penalties ever: wage withholding, credit reporting, the threat of license revocation, a national registry of new hires to track them wherever they go, and mandatory work programs to make them work off what they owe. If this country did a better job of enforcing child support, we wouldn't need a welfare system. Every five deadbeats we catch will mean one fewer family on welfare.

3. A New Social Contract -- No More Something for Nothing: After decades of unchecked growth in government social programs, this is the first Administration in either party to ask something in return. In the campaign, you promised a new social contract of more opportunity in return for more responsibility. As you said at Georgetown, "We must go beyond the competing ideas of the old political establishment -- beyond every man for

himself on the one hand, and the right to something for nothing on the other." National service, the EITC, health reform, and welfare reform are all based on this same principle. Under our welfare reform plan, there will be no more something for nothing. Everyone will be required to work, get training, or finish school -- and even those who are unable to work will be expected to attend parenting classes or give something back through some form of voluntary service.

4. Ending Welfare as a Way of Life: The combined impact of welfare reform, health reform, and the expansion of the EITC will be dramatic and immediate. About half the caseload will be phased in by the year 2000. Reform means that by the year 2000, three quarters of the projected welfare caseload aged 30 or under will either be off welfare, working, or in a program leading to work. Without reform, only a small fraction would be working, and 20% would be in education or training.

5. This Is Everything You Promised in the Campaign -- and Then Some: Nothing about this plan is scaled back from your campaign promises. You've already made good on the EITC pledge that no one who works full-time with a child at home should be poor. This plan includes the two-year time limit as promised, with education, training, and child care -- and no loopholes; a work program that stresses the private sector first and community service as a last resort; dramatically tougher child support enforcement; state flexibility to experiment; etc. (The work-for-wages policy, which says that if you don't show up for work you don't get paid, actually goes a little further than what we discussed in the campaign about sanctioning the adult share of the grant.) It costs around \$4 billion a year when phased in, which is exactly what we said it would cost in the campaign. The plan includes many elements we didn't get into during in the campaign, such as a national campaign against teen pregnancy and a substantial increase in working poor child care (which was not a campaign promise).

6. The First Administration to Try to Keep People from Going on Welfare in the First Place: In addition to your many initiatives designed to empower people to lift themselves out of poverty -- Empowerment Zones, community development banks, enforcement of the Community Reinvestment Act, the EITC, health reform, sweeps in public housing, community policing, etc. -- yours is the first Administration to confront one of the leading causes of poverty, the breakdown of the family. The welfare reform plan includes several tough, smart measures to discourage people from having children outside marriage: the first time limits ever imposed on welfare, coupled with the broadest and most serious work requirements; a nationwide crackdown on child support enforcement, which will give states an arsenal of ways to keep absent parents from getting off the hook; a national campaign against teen pregnancy, targeted to the most troubled schools; and a broad array of incentives the states can use to encourage responsible behavior, from limiting additional benefits for additional children to rewarding teenagers for staying in school. In the long run, the only way to end welfare is to reduce the number of people coming on it.



Date: May 20, 1994
To: The Welfare Reform Group
From: Joe Goode and Stan Greenberg

RE: Welfare Reform – Priorities and Funding

The public is nearly unanimous in their support for a welfare reform program that provides job training and child care, but then requires an individual to go to work after two years. Voters are equally supportive of a variety of ways to pay for these changes, although the most popular funding proposals represent reform themselves, such as enforcement of child support payments and immigrant sponsors taking responsibility for new arrivals. The system is clearly broken and voters are willing to try a variety of measures, both as part of reform and paying for reform, to fix it.

Funding welfare reform by denying benefits to legal immigrants is a popular, but not overpowering, proposal. Almost two-thirds (64 percent) favor this Republican approach. However, when contrasted against Democratic alternatives including cuts in welfare for the wealthy, cuts in other programs, making work pay and especially enforcement of child support payments from deadbeat dads, the Republican funding scheme falls well behind.

There is a definite attraction to the Republican proposal, but most voters are looking for reforms that will reduce the welfare caseload without creating new hungry, homeless and sick people on the streets. Voters are not necessarily sympathetic towards immigrant aliens, but they recognize that cutting them off entirely will just create more problems in the long run. Clear common sense reforms – cracking down on deadbeat dads, identifying welfare cheats, making sponsors take responsibility for new immigrants – all attack the problem without creating additional burdens.

Still, voters are fed up with the current system and are willing to embrace some harsh alternatives. While the "two years and work" proposal is clearly the top priority, near majorities are willing to stop additional benefits to women who have new children while on welfare and to require strict measures like fingerprinting to ensure that people do not get benefits in more than one locality. Almost three-quarters (71 percent) favor limiting benefits to individuals who abuse alcohol or drugs. Voters want policies that focus on the individual and require them to take responsibility for their actions.



African-American and Hispanic voters are no less supportive of welfare reform than white voters. Indeed, Hispanics are nearly identical to whites in their priorities for change. Black voters focus more on policies that would help keep people off welfare in the first place – a campaign against teen pregnancy or day care subsidies for low income working families – but they are also strongly supportive of aggressive child support enforcement and "two years and work."

The major findings are set out below:

- **Unanimous support for two years program.** There is virtually no opposition to a welfare reform program that expands job training and day care, but then cuts off welfare benefits after two years and requires people to work. Regardless of whether the plan is introduced as Congress' or President Clinton's, it garners almost unanimous support – 88 percent in favor. There is little difference between races: blacks (82 percent favor), whites (88 percent), and Hispanics (90 percent) overwhelmingly favor the plan.
- **Democratic funding approach runs ahead of Republican alternative.** Voters are more supportive of Democratic plans to cover reform costs with a combination of reduction in welfare rolls by making work pay more, cuts in welfare for the wealthy, and a crackdown on welfare fraud. When compared to the Democrats, the Republican approach of barring benefits to legal immigrants maintains support only among core Republican constituencies.
- **Child support payments key to reform and financing.** The public's top priority in welfare reform is a program of aggressive child support enforcement (65 percent single highest or top few priorities). They are much more likely to back a Democratic funding proposal that includes "strict enforcement of child support payments" (61 percent) than an alternative without such a program (51 percent). Republican women abandon the Republican financing proposal when the Democratic alternative includes a child support provision.
- **Responsibility, individual accountability important to reform.** There is little about the current system that voters want to maintain, and they are particularly supportive of reforms and funding proposals that promote responsibility and accountability – such as sponsors taking responsibility for new immigrants or limiting benefits to drug and alcohol abusers. Minorities are strongly supportive of a national campaign against teen pregnancy.



- **Perot voters eager for reforms.** Welfare reform is popular with most voters, but Perot supporters are especially enthusiastic. Three quarters place "two years and work" in their top few priorities, compared to 63 percent of Bush voters and 59 percent of Clinton voters. Perot voters are supportive of almost every type of reform, resembling Democrats on day care subsidies but looking like Republicans on denying additional benefits to women who have children while on welfare.



Priorities for Welfare Reform

Voters are clear in their top priorities for welfare reform – they want fathers to take responsibility for their children and they want people off the welfare rolls and into work. Other components of reform are grouped together, but there is a clear desire to eliminate the fraud voters associate with welfare and a call for individuals to take responsibility for their own lives:

	Percent Top Few
Aggressive child support enforcement	65
Expand job training and day care but cut off benefits after 2 years and require people to go to work	63
Strict measures like fingerprinting to make sure that people don't receive benefits in more than one locality	51
National campaign against teen pregnancy	48
Stop additional benefits to women who have new children while on welfare	48
Day care subsidies for low income working families	48
Require teen-age parents to finish school and live at home with parent or responsible adult	45

Child support enforcement is universally popular. There is almost no gender or partisan variation, although independents (71 percent top few priorities) and Republicans (67 percent) are somewhat more supportive. The two years/ job training initiative is also strong among almost every group. Interestingly, Perot voters place it much higher in their top priorities (75 percent) than either Bush (63 percent) or Clinton voters (59 percent).

Perot voters in general are more supportive of every reform, looking like Clinton supporters on day care subsidies (53 percent each top few priorities, compared to 42 percent of Bush voters), but looking like Bush supporters on denying additional benefits to welfare mothers who have new children (54 percent each, compared to 41 percent of Clinton voters). They are open to almost any type of reform that will change the system, including a program to stop teen pregnancy.



Black and Hispanic voters have different top priorities than whites, but their overall agendas are similar. Blacks place the single highest priority on a campaign to end teen pregnancy (21 percent single highest priority) followed by child support enforcement (18 percent). Hispanics split between two years/ job training (22 percent), a teen pregnancy initiative (20 percent) and fingerprinting (20 percent). Whites place their top initiatives as two years/ job training (20 percent) and child support enforcement (17 percent).

Blacks vary somewhat in their overall rankings of the "two years and work" initiative. Child support enforcement is by far ranked number one (67 percent single highest or top few priorities), with day care subsidies (54 percent), finger printing (52 percent), teen pregnancy (52 percent) and "two years" (51 percent) essentially tied for second.

Funding Alternatives

There is strong support for all funding alternatives tested, including denying benefits to legal immigrants. Tested individually, most of the Democrat alternatives run ahead of the Republican plan – except the welfare for the wealthy provisions. But eliminating these tax breaks and subsidies is more popular with Democratic voters, and will help to consolidate support for the overall plan. Most of the other proposals are more popular with independent and Republican voters than they are with Democrats, although Democrats provide at least majority support for each one. The proposals rank as follows:

	Percent Favor
Require gamblers to pay withholding tax	83
Require immigrant sponsors to take responsibility for those immigrants for 5 years	77
Deny benefits to new immigrants until they become citizens	73
Limit benefits to drug and alcohol abusers	71
Eliminate benefits to legal immigrants	64
Eliminate tax breaks for annuities	62
Cut farm subsidies for wealthy farmers	61



Eliminating benefits for legal immigrants is an attractive alternative for many swing voters. Indeed, more independents favor the proposal (71 percent) than Republicans (69 percent). Even a majority of Democrats support the idea (56 percent).

While voters find the GOP scheme attractive, they do not stay with it when contrasted with a Democratic alternative. When asked to choose between two approaches, the Democratic approach wins a majority each time. A Democratic alternative that includes aggressive child support enforcement runs far ahead of the Republican plan:

Welfare for Wealthy/ Work Contrast	Fraud/ Deadbeat Dad Contrast
<p><i>The Democrats pay for their reforms by cutting welfare for the wealthy in the form of tax breaks and subsidies, and reducing the welfare rolls by making work pay with more tax breaks for the working poor.</i></p> <p style="text-align: right;">51 percent</p>	<p><i>The Democrats pay for their reforms with spending cuts in other programs, by cracking down on welfare fraud and with strict enforcement of child support payments from deadbeat dads.</i></p> <p style="text-align: right;">61 percent</p>
<p><i>The Republicans pay for their reforms by barring further welfare benefits to legal immigrants who are not American citizens.</i></p> <p style="text-align: right;">34 percent</p>	<p><i>The Republicans pay for their reforms by barring further welfare benefits to legal immigrants who are not American citizens.</i></p> <p style="text-align: right;">27 percent</p>

The first approach (welfare for wealthy) breaks out largely along partisan lines, although nearly one-third of Republicans back the Democratic alternative. A bare majority of Perot voters also sides with the Democrats. When the Democratic approach includes a crackdown on welfare fraud and deadbeat dads, a plurality of Republicans back the Democratic approach. Most of this movement comes from Republican women – 53 percent back the Democratic plan (compared to just 27 percent on the first alternative). Perot voters back the deadbeat dad proposal by 62 to 24 percent.

Voters are most concerned about the effects of denying benefits to legal aliens. The strongest arguments against the funding proposal focus on the costs of dealing with these people when they get sick (62 percent serious doubts) and the possibility of more hungry and homeless people in their communities (60 percent). Arguments dealing with constitutionality and the legal status of immigrants are strong but less effective. Groups that are most responsive to the arguments against denying benefits to legal immigrants are mostly non-college (74 percent, 46 percent high school or less) and disproportionately older (47 percent). A plurality (40 percent) are older non-college voters.

cc: Jeremy
[Kathie]
+refun to me

May 30, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
SUBJECT: The Politics of Welfare Reform

This memo includes an update on the political and legislative landscape for welfare reform, and some thoughts on how to talk about our plan, as you requested. We are also working with Rahm and others on a rollout schedule, and Stan should provide you with a separate briefing on his most recent findings.

I. Political and Legislative Update

As we have discussed before, there is a strong and powerful consensus (with exceptions on the extreme right and left) for the basic elements of our welfare reform plan. Support for time limits, work programs, and tougher child support enforcement exceeds 80-90%, with little variation across race, class, or party. Even on the issues that the Republicans think work for them -- cutting off benefits for legal immigrants and unwed mothers -- people prefer our alternatives by two- and three-to-one margins.

The current lull in the health care debate gives you an opportunity to speak out on these issues, at a time when Americans are united in believing the country has a welfare crisis and Republicans (for a change) are the ones divided over what to do about it. Recent developments in both parties have left you a good opening to dominate the debate.

A. The Republicans

Republicans are now at war with one another over whether to back the original House Republican welfare reform bill or simply cut off all unwed mothers under 21 altogether. Gingrich and many other Republicans in the House want to stick with their original bill, which has 162 of 175 House Republicans as co-sponsors and would enable them to claim credit for whatever passes, since the biggest differences between our plan and theirs are over how quickly to phase in and how much to cut benefits for immigrants. Bennett and Kemp sent out another William Kristol memo last month arguing that such a strategy plays into your hands, and that Republicans should insist instead on a purist, Charles Murray approach that

enables them to hang onto the welfare issue. According to Fred Barnes, Kemp thought the new proposal was a bad idea, and only signed on after they promised to include \$75 billion in unpaid-for tax cuts.

Once again, you have put Republicans in an awkward position. Either they push to get something done, help you accomplish what they've spent their careers crying out for, and risk losing a favorite wedge issue, or they change their tune, move to the right, and run the risk that they'll look like obstructionists and box themselves into a position with little popular support. The Kemp-Bennett-Kristol about-face is not only the worst kind of political posturing; it is also bad politics. A recent Los Angeles Times poll found overwhelming support for our approach over Murray's: 70% favored requiring people on welfare to work, versus 25% who favored cutting off benefits for young mothers.

The Republican infighting should help us in several ways. First, it marginalizes conservatives like Bennett and Kemp (who have their own aspirations), and makes them look blatantly political. The same thing happened to Republicans on crime: you said "three strikes," they said "two strikes"; you said "boot camps," they said "stockades" -- and they looked silly in the process. On this issue, they would rather play politics than fix what everyone agrees is a welfare system in crisis.

Second, it takes attention away from the divisions within our own party and pushes moderate Republicans closer to us. Rick Santorum, the lead House sponsor, now spends as much time attacking obstructionists on the right as he used to spend attacking us. When the House held an Oxford-style debate on welfare reform last month, all the Republicans who spoke distanced themselves from the Charles Murray approach.

Finally, the Republican schism is yet another reason for Republican governors to prefer our plan. Most governors view the Murray approach as a direct cost shift to states and communities, who will still have to provide for young mothers in some way. In addition, they are worried that the House Republican phase-in would impose massive new costs on the states, and do nothing to sweeten their JOBS matching rate. Our plan phases in sensibly and enables states to recoup most or all of their new costs through tougher child support enforcement, caseload savings, and an increased federal match. The House Republican financing scheme also would shift the cost of providing immigrants with health care and other services almost entirely to the states; Pete Wilson has already complained that such provisions would leave California, with 40% of the immigrant population, paying 40% of the tab for welfare reform, even though the state has only 20% of the welfare caseload. Our deeming provision shifts the costs of supporting immigrants to the families who sponsor them to come into this country; it may actually save states a little money in AFDC and food stamps.

None of this means that it will be easy to get Republican votes in the House. In the end, they will have to confront the same choice they have faced on crime and NAFTA. But we can put ourselves in a position to pick up 60-100 Republican votes for welfare reform if we make sure Mack, David Gergen, Pat Griffin, and others reach out to Gingrich and

company to let them know we're genuinely interested in a bipartisan bill. That will become even more important if Congress doesn't finish welfare reform this year.

B. The Democrats

Several Democrats have put forward their own welfare reform bills, which are largely consistent with our approach. The Mainstream Forum introduced legislation that borrows heavily from our plan. Their bill adopts the same phase-in (starting with those born after 1971) and similar provisions on time limits, work requirements, child support, etc. The most significant difference between our bill and theirs is that they propose the same immigrant financing scheme as the Republicans (although McCurdy has said they might be flexible on the Medicaid part of it).

Liberal Democrats have been relatively quiet. Tom Harkin introduced a bill with flexible time limits (6 months for some people; longer than 2 years for others). Eleanor Holmes Norton wrote an outstanding Washington Post op-ed last month on the importance of work as the unifying principle for welfare reform. Bob Matsui and Patsy Mink have each introduced bills which expand the JOBS program but do not include time limits or serious work requirements.

We have been working hard to line up support from outside groups. We hope to get a DGA endorsement, and a strong statement from the NGA is not out of the question. The DLC will say nice things about our bill and the Mainstream Forum's bill; they agree with us that welfare reform should be paid for through budget cuts, not just cuts in immigrant benefits. We have probably met enough of AFSCME's concerns about displacement to keep them from opposing our plan, but like the advocacy groups, they still wish the issue would just go away.

We have met several times with Moynihan, who seems quite happy with our general direction but has not tipped his hand on specific details. In the House, Harold Ford is eager to make his mark with this issue, although from time to time he suggests giving everyone on welfare jobs that pay \$9 an hour. If Ways and Means is slow to take up welfare reform, moderate Democrats could join Republicans in a discharge petition, but so far we've persuaded them to keep their powder dry.

Ways and Means may take up welfare reform sooner than they might like because Rostenkowski promised them a vote on cutting immigrant benefits. Earlier this month, Santorum tried to attach an amendment to the Social Security bill that would have eliminated all benefits for all non-citizens. It was narrowly defeated by a vote of 20-16, with Harold Ford voting present. The only way we talked Ford and other Democrats out of voting for that amendment now was by pleading with them to wait until we introduce our bill, so that at least they can use whatever money they squeeze out of immigrants to pay for welfare reform rather than deficit reduction.

II. Highlights of Our Welfare Reform Plan

As you know better than anyone, the welfare debate is not about policy or politics; it's about values. The trouble with the current welfare system is that it undermines the values that matter most -- work, responsibility, family. The current system makes welfare more attractive than work, and lets too many parents avoid responsibility for supporting their children.

Our welfare reform plan is based on the basic values and principles you outlined in the campaign: No one who works full-time with a child at home should be poor, but no one who can work should stay on welfare forever. We need to make welfare what it used to be -- a second chance, not a way of life. The ones who hate the welfare system most are the people who are trapped by it. Governments don't raise children; people do. People who bring children into this world should take responsibility for them. Government has to do all it can to expand opportunity, but people have a responsibility to make the most of it. We could have all the programs and spend all the money in the world and it won't do a bit of good if people don't do right. And so on.

The attached talking points outline the highlights of our plan. There is plenty to talk about in an initiative that costs \$10 billion over 5 years and \$30 billion over 10. But it is easy to get lost in the details. The two values most on people's minds are work and responsibility. As you said to the DLC in Cleveland in 1991, work is the best social program this country has ever devised.

HIGHLIGHTS OF OUR WELFARE REFORM PLAN

→ Work - RESPONSIBILITY

I. THE ADMINISTRATION'S RECORD ON WELFARE REFORM

1. **EITC:** Last year's economic package went a long way toward ending welfare by giving 15 million working families a tax cut through the EITC. The EITC turns a minimum wage, \$4.25 an hour job into a \$6 an hour job. With the EITC and health reform, any job is a good job.

(forward fund)

2. **Health Reform:** Health reform will move an estimated one million women and children off welfare. A recent survey of welfare recipients in Charleston and Nashville found that 83% would take a minimum wage job if it offered health coverage for them and their families. Another study found that only 8% of people who leave welfare for work get jobs that provide health insurance.

3. **Waivers:** Since January 1993, the Administration has granted waivers to 14 states to try new initiatives on time limits, assistance for two-parent families, limiting additional benefits for additional children, and so on.

II. [TIME-LIMITING WELFARE AND REQUIRING] WORK

1. **Two-Year Time Limit:** Everyone who can work will be expected to go to work within two years. To the poor and those outside the economic mainstream, we say two things: No one who works full-time with a child at home should be poor, and no one who can work should stay on welfare forever.

* **A new social contract:** Everyone will be required to sign a Personal Responsibility Agreement that spells out what they can expect and what is expected of them in return. This agreement will include the two-year time limit as well as other state measures to encourage responsible behavior, such as requiring immunizations, denying benefits for additional children born on welfare, requiring mothers to name and help find the father as a condition of eligibility, etc.

* **Fewer exemptions:** Our plan cuts the number of exemptions in current law by half. Current law exempts mothers with children under 3; our plan limits that exemption to mothers with children under 1. The exemption for teen mothers and mothers who conceive additional children while on welfare will last only 3 months.

* **No more something for nothing:** From day one, everyone will be required to do something in return for receiving assistance. Even those who are exempted from JOBS participation will be expected to take part in parenting, community service, or other activities.

* **A lifetime limit:** People should have an incentive to leave welfare quickly and not use up their precious months of welfare eligibility. Recipients who use up their 24 months will no longer be eligible unless they enter the work program. The time limit is a lifetime limit: people who have been off welfare for long periods of time will be able to get a few months of assistance in emergencies, but they will not be able to start over with a new 2-year clock. This will make welfare what it was meant to be -- a second chance, not a way of life.

2. Work, Not Welfare: We need to change the culture of the welfare office to focus on helping people find and keep jobs, not just writing them checks for life.

* **Job search first:** Job search will be required immediately of anyone who can work. Anyone offered a private sector job will be required to take it or get thrown off the rolls.

* **A clear focus on employment:** We will push states to shift their JOBS programs away from classroom training and toward job placement and on-the-job training. Many people on welfare are there because they failed in the classroom; it makes no sense to send them to another classroom when what they really need is help in getting and holding down a job. The best job training program is a job.

* **This is not an entitlement to two years of training:** Most people will be expected to enter employment well before the two years are up. States can also design shorter time limits for people who are job-ready, and require them to work sooner.

3. Ending Welfare for the Next Generation: To give states a chance to do this right, our plan is phased in beginning with those born after 1971 -- anyone 25 and under by late 1996, when states begin to implement the program. That represents a third of the adult caseload initially, and will grow steadily to include nearly two-thirds by 2004.

* **Young people will think twice before coming on welfare:** We're ending welfare for the next generation. Anyone born after 1971 will know that the world has changed, and that welfare can no longer be a way of life. One problem with the Family Support Act has been that few recipients know whether they will be subject to its requirements or not. Almost any other phase-in would be subject to gaming, but date of birth is one thing you can't change.

* **If we phased in everyone at once, the program would fail:** Even if we had the money for it (which we don't, and neither do the states), a rapid phase-in would overwhelm state capacity, and force them to create massive public jobs programs instead of reaching out to the private sector. The best example is CETA, which grew to 750,000 jobs overnight, and was dismantled nearly as quickly as a result.

* This is a very ambitious phase-in: Under our plan, more than 400,000 people will have hit the time limit and be working in the WORK program. Today, fewer than 15,000 welfare recipients are required to work.

* States can phase in faster if they want: States will have the option of phasing in other cohorts in addition to those born after 1971 (e.g., all new applicants, all out-of-wedlock births, etc.). We will also make funds available so that they can finish serving those currently in their JOBS programs, as well as older recipients who may volunteer.

* States prefer our phase-in: The House Republican bill phases in more quickly, starting with all new applicants and reaching 90% of the non-exempt caseload 2002. This would shift billions in new costs to the states. According to a recent NGA survey, most states like our phase-in, and the Mainstream Forum adopted a similar approach. This phase-in was first proposed in a New Republic article by Moynihan's chief welfare aide, Paul Offner.

4. Requiring and Providing Work: Anyone who can work will have to go to work within 2 years, in the private sector if possible, in community service if necessary. Work is the best social program this country has ever devised.

Potential to add to state admin. costs - New workers to handle large # of clients

* Work for wages, not workfare: People will work for a paycheck, not a welfare check. If you don't show up for work, you won't get paid. There will also be strong, escalating sanctions for people who quit or get fired.

* State and local flexibility, with an emphasis on the private sector: States will be able to use the money they would otherwise spend on welfare to create subsidized, non-displacing jobs in the private sector, with non-profits, or in public service employment. Communities will be encouraged to build strong links to the private sector, and can hire placement firms like America Works to help people find and keep jobs. We've worked closely with the business community to design a flexible program that minimizes red tape.

* This is a transitional program, designed to push people toward unsubsidized work in the private sector. People will be required to go through extensive job search before entering the work program, and after each work assignment. No work assignment will last more than 12 months. No one will receive the EITC unless they leave the program and take an unsubsidized job. Anyone who turns down a private sector job will be kicked off the program. So will people who refuse to make a good faith effort to find a job when jobs they could get are available.

* No one who can work should stay on welfare forever: This is not a guaranteed-jobs-for-life program. At the end of two years in the WORK program,

(2 WORK assignments)

everyone will go through an intensive assessment. If they're playing by the rules, able to work, and no private jobs are available, they'll get another WORK assignment. If they're unable to work, they can be exempted or reassigned to get more training. If they're not playing by the rules, and if a state determines that they have not made a good faith effort to find available work, the state can opt to remove them from the rolls.

* What kinds of jobs: Communities will have broad flexibility in deciding what kinds of jobs to subsidize or create. We expect these to be non-displacing minimum-wage jobs that represent meaningful work. Business, union, and community leaders will have a say in the process. Many of the most promising entry-level jobs are in growth areas related to welfare reform and other Clinton initiatives. For example, our plan will increase the demand for child care workers in many communities. We expect 10% of the WORK slots to be in child care. Other promising fields include home health aides, teachers aides, child support enforcement workers, public housing rehabilitation, and public safety.

* Where the jobs are: We are often asked how we are going to find jobs for people on welfare when millions of Americans are already out of work. First of all, our plan is primarily about job creation -- most of the money goes to create and subsidize jobs, and to make it possible for individuals to take them. Our plan will create 400,000 jobs by the year 2000. Second, there is no shortage of entry-level jobs in this country. McDonald's alone has more job openings every year through normal turnover than will hit the two-year time limit anytime in the next 10 years. Third, even under the current system, most welfare recipients are able to *find* jobs; they have trouble *keeping* them. 70% of recipients leave welfare within two years, but most of them come back. That's why it's so important to make work pay better than welfare (EITC, health care, child care, child support enforcement), and to focus the welfare system on helping people make it in the workforce (on-the-job training, job search assistance).

<ck McD's figure; cf Belles's paper on jobs>

5. Keeping People from Going on Welfare in the First Place by Providing Child Care for the Working Poor: In addition to providing child care for people on welfare and in the work program, our plan calls for a substantial increase in child care for the working poor. This year's FY95 also seeks hefty increases in Head Start (21%) and the Child Care Development Block Grant (22%).

* Our plan will nearly double the amount of available child care for the working poor. The plan includes \$1.7 billion over 5 years and \$6 billion over 10 to expand the At-Risk program from \$300 million annually to nearly \$1 billion.

* This program preserves flexibility and choice: States can use the money as they choose to provide child care vouchers or pay providers directly.

RESPONS.

III. [PREVENTING TEEN PREGNANCY AND PROMOTING PARENTAL] RESPONSIBILITY

1. National Campaign Against Teen Pregnancy: The number of births to unwed mothers has quadrupled in the last 30 years from 92,000 in 1960 to 368,000 in 1991. Unwed mothers (teen and older) accounted for 80% of the growth in the welfare caseload over the last decade, when the number of families on welfare rose from 3.9 million in 1983 to 5 million families last year.

* A national effort in 1,000 Schools: We will launch school-based prevention programs in 1,000 schools across the country with the worst teen pregnancy problems. In each of these schools, National Service volunteers will work with community groups, churches, and business leaders to mentor young people on the importance of delaying sexual activity and parenthood.

* A strong message from the Bully Pulpit that it is wrong to have children outside marriage: Unwed teen mothers who drop out of school are 10 times more likely to raise a child in poverty than young people who finish school, get married, and wait until their twenties to have children.

* Every state will set clear goals for reducing unwed teen births: We will set up a national clearinghouse on teen pregnancy and out-of-wedlock births to identify successful programs and help replicate them elsewhere. We will also target a handful of at-risk neighborhoods for intensive prevention efforts.

* Children who have children should live at home: Our plan will require minor mothers under 18 to live with their parents or a responsible adult. They will no longer be able to set up a separate household and receive a separate check.

and finish school

and finish high school

2. The Toughest Child Support Laws Ever Proposed: Our plan includes the toughest, most comprehensive child support enforcement provisions ever proposed. We'll move thousands of families off welfare by closing the \$34 billion child support gap between what absent parents should owe and what is actually collected. If you're not paying your child support, we'll garnish your wages, suspend your license, track you across state lines, and even make you work off what you owe. Governments don't raise children, people do.

* Establish paternity for all out-of-wedlock births: Last year's economic plan included measures to expand voluntary paternity establishment in hospitals. Our welfare reform plan will require mothers to name the father as a condition of receiving

welfare, and push states to establish paternity more quickly. We want to make fathers part of the safety net again.

* **Tracking down deadbeats:** Every state will establish a central state registry to track payments and take prompt action when money isn't paid. A national registry of new hires will use W-4 reporting to track delinquent parents who have switched jobs or crossed state lines.

* **License suspension:** States will be able to use the threat of revoking driver's, professional, and commercial licenses to make delinquents pay. This threat has been extraordinarily successful in Maine, California, and other states.

* **Work programs:** States will be able to run programs that require men to do community service to work off the child support they owe. We will also run demonstration programs that require delinquent parents with no skills to get training. These programs should pay for themselves. Wisconsin's work program for fathers has produced a phenomenal smokeout effect: 75% pay their support rather than do court-ordered community service.

<ck stat>

* **Limited demonstration of child support assurance:** The plan allows for 3 states to run demonstrations in providing guaranteed child support to families where the absent parent doesn't pay.

9 2/0
3. State Option to Limit Additional Benefits for Additional Benefits Conceived on Welfare: States that want to impose family caps will have the option to do so. Early results from New Jersey show a 10% reduction in additional births to women on welfare, but it is too early to draw many conclusions. We also need to make sure that family planning is available to adults on welfare. Welfare recipients don't have more children on average than other women, but most of those who do condemn themselves and their families to a life of poverty and dependency.

<ck for stat on that last point>

welfare
1.9 children

IV. GIVING STATES FLEXIBILITY TO INNOVATE

1. States Will Have Unprecedented Flexibility to Design Their Own Approach to Ending Welfare: Our plan gives states broad flexibility to try new things, because one thing we've learned in the last 30 years is that Washington doesn't have all the answers. Much of what once required waivers become available to states as state options:

* **Extending assistance to two-parent families:** States will be able to waive the 100-hour rule and let two-parent families stay together.

* Rewards and sanctions to keep teen parents in school: States will be able to design their own monetary incentive programs like the LEAP program in Ohio.

* No additional benefits for additional children born on welfare: The Administration has already granted waivers to Georgia and Arkansas; this measure will now be a state option.

* Higher earnings disregards for recipients: States that want to provide increased work incentives will be free to do so.

* Advance payment of the EITC: States will be able to work with the Treasury Department to develop plans to get the EITC out on a monthly basis.

* Faster phase-in: States that want to do more will be free to phase in other cohorts in addition to recipients born after 1971.

* Setting shorter time limits, and requiring people to work sooner: States that want to move recipients into work more quickly can do so. The JOBS program allows states to require CWEP or subsidized private sector work at any time.

* Experiment with a host of demonstration programs: Our plan includes funds for demonstrations of Individual Development Accounts, child support assurance, teen pregnancy prevention, work and training programs for non-custodial parents, and many other ideas worth testing.

* Continued waiver authority: We will help states with existing waivers to adapt them once the new law passes. The broad waiver authority in current law will continue.

Private child support collection

2. No Unfunded Mandates: Our plan will not impose major new costs upon the states. Over time, in fact, they should save money from increased child support collections and reduced welfare caseloads.

* Enhanced federal match: States have had trouble implementing the Family Support Act because of its relatively low federal match (in general, 60-40 federal). Our plan increases the federal share to 67% (higher in some states), which means that the federal government is actually picking up 80% of the new spending.

* States can spend at their own pace: Instead of imposing costly new mandates, we give states considerable flexibility in how much to spend beyond the basic plan. States willing to spend more can choose to expand eligibility for two-parent families, offer higher earnings disregards, or phase in more of their caseload.

* State caseload savings: These new programs will pay off in considerable savings from increased child support collection and reduced welfare caseloads. We estimate those savings to be [TK] billion over 10 years.

<ck stat>

→ SECTION ON SIMPLIFICATION
+ ASSETS + FRAND

3. Demonstrations to See What Works: Many of the reforms in our plan are based on successful experiments pioneered by the states. We want this innovation to continue. In addition to continued broad waiver authority for state demonstrations, our plan authorizes a number of specific demonstrations for states that are eager to try new things:

* Individual Development Accounts: As you promised in the campaign, we will encourage states to fight poverty by helping people build assets. Current welfare rules force recipients to spend their welfare check, and penalize them for savings. Our plan will waive those rules to allow people to set money aside in Individual Development Accounts to buy a home, start a business, or provide for college. States will also be able to run demonstrations in which the government matches those savings.

(More on Assets?)
- JBA lines
- care etc.

* Microenterprise: In some communities, the absence of economic activity makes it difficult to leave welfare. We want to make it easier for people to start small businesses that enable them to become self-sufficient. The welfare reform plan provides for a nationwide demonstration of microloans, which will provide small amounts of money for welfare clients to launch small businesses. We will also change current asset rules that prohibit microenterprise for welfare recipients.

* Mandatory Work Programs for Deadbeat Parents: States will be able to use up to 10% of their JOBS and WORK money to run work and training programs for non-custodial parents. We estimate that these programs will recoup 80% of their costs through increased child support collections.

* Child Support Assurance: We will allow 3 states to demonstrate the concept of child support assurance, in which the government pays child support to custodial parents who cooperate in trying to track down parents who don't pay. These payments can only go to mothers not on welfare. States can combine this concept with mandatory work programs for the parents who have not paid.

* Job Placement Bonuses: We will encourage states to run demonstrations that offer job placement bonuses as an incentive to caseworkers and welfare offices for helping recipients get and keep jobs.

* Charter Welfare Offices: States will also be able to encourage competition and accountability by experimenting with chartering job placement firms, such as America Works, to run their JOBS program. (The Reemployment Act has similar provisions for job training.)

<ck is this true?>

V. HOW THIS PLAN "ENDS WELFARE AS WE KNOW IT"

Our plan spends \$10 billion over 5 years and \$30 billion over 10 years, and maps out a rapid revolution in expectations for people on welfare. But because we can't afford and the states couldn't manage ending welfare for everyone at once, Republicans and some in the press will inevitably charge that we have "scaled back" our plan and fallen short of the campaign pledge to end welfare. We need to refute these skeptics by repeatedly stressing how bold our plan really is.

1. The Most Sweeping Work Requirements in the History of Welfare: Our plan will turn a system based on welfare into a system based on work -- because work is the best social program this country has ever devised. Today, fewer than 15,000 welfare recipients in America are required to work. Under our plan, an estimated 400,000 people will be in mandatory work programs by the year 2000. We require people who come on welfare to start looking for work from day one. Everyone who can work will have to do so within two years, or sooner if their state says so. We cut the number of exemptions in half, so that no one who is able to work can avoid it. And we'll move families off welfare by making fathers who are behind in their child support work off what they owe.

2. The Toughest Child Support Crackdown Ever Proposed: The child support enforcement measures in our welfare reform plan are by far the toughest any Administration has ever put forward. For the first time, government will hold both parents responsible for raising their children. Mothers won't be able to get welfare if they refuse to name the father. Absent parents who owe child support will face the most serious penalties ever: wage withholding, credit reporting, the threat of license revocation, a national registry of new hires to track them wherever they go, and mandatory work programs to make them work off what they owe. If this country did a better job of enforcing child support, we wouldn't need a welfare system. Every five deadbeats we catch will mean one fewer family on welfare.

3. A New Social Contract -- No More Something for Nothing: After decades of unchecked growth in government social programs, this is the first Administration in either party to ask something in return. In the campaign, you promised a new social contract of more opportunity in return for more responsibility. As you said at Georgetown, "We must go beyond the competing ideas of the old political establishment -- beyond every man for himself on the one hand, and the right to something for nothing on the other." National service, the EITC, health reform, and welfare reform are all based on this same principle. Under our welfare reform plan, there will be no more something for nothing. Everyone will be required to work, get training, or finish school -- and even who are unable to work will be expected to attend parenting classes or give something back through some form of voluntary service.

4. Ending Welfare as a Way of Life: The combined impact of welfare reform, health reform, and the expansion of the EITC will be dramatic and immediate. About half the caseload will be phased in by the year 2000. In the absence of reform, only 4% of that group would be doing work of any kind by then. We estimate that with reform, ten times as many people -- 40% of the phased-in group -- will be working, either in the WORK program, in part-time work that leaves them still eligible for some welfare, or in unsubsidized work they are able to hold down because of these reforms. Another 33% will be taking part in time-limited mandatory training, education, and placement programs (without reform, only 20% of the caseload would be in such activities). In the absence of reform, a full 76% of the phased-in group would face no requirements at all. With reform, that number will shrink to 27% -- and even people in that group will be expected to participate in some activities under our plan.

5. Everything You Promised in the Campaign -- and Then Some: Nothing about this plan is scaled back from your campaign promises. You've already made good on the EITC pledge that no one who works full-time with a child at home should be poor. This plan includes the two-year time limit as promised, with education, training, and child care -- and no loopholes; a work program that stresses the private sector first and community service as a last resort; dramatically tougher child support enforcement; state flexibility to experiment; etc. (The work-for-wages policy, which says that if you don't show up for work you don't get paid, actually goes a little further than what we discussed in the campaign, of sanctioning the adult share of the grant.) It costs around \$4 billion a year when phased in, which is exactly what we said it would cost in the campaign. The plan includes many elements we didn't get into during in the campaign, such as a national campaign against teen pregnancy and a substantial increase in working poor child care, which we did not promise in the campaign.

6. The First Administration to Try to Keep People from Going on Welfare in the First Place: In addition to the many Administration initiatives designed to empower people to lift themselves out of poverty -- Empowerment Zones, community development banks, enforcement of the Community Reinvestment Act, the EITC, health reform, sweeps in public housing, community policing, etc. -- this is the first Administration to confront one of the leading causes of poverty, the breakdown of the family. The welfare reform plan includes several tough, smart measures to discourage people from having children outside marriage: the first time limits ever imposed on welfare, coupled with the broadest and most serious work requirements; a nationwide crackdown on child support enforcement, which will give states an arsenal of ways to keep absent parents from getting off the hook; a national campaign against teen pregnancy, targeted to the most troubled schools; and a broad array of incentives the states can use to encourage responsible behavior, from limiting additional benefits for additional children to rewarding teenagers for staying in school. In the long run, the only way to end welfare is to reduce the number of people coming on it.

VI. PAYING FOR WELFARE REFORM

1. Cost estimates are conservative. Behavior assumptions less than we actually expect. Capped entitlements so they can't grow out of control.

2. Pay for it through immigrants, drug addicts, polluters, and deadbeats. Also caseload reduction and fraud detection. Details of each.

ATTACH COPY OF STAN'S POLL?

cc: Jeremy
kathi
return to me

May 30, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: The Politics of Welfare Reform

ATTACH POLL
SIDE BY SIDE

This memo includes an update on the political and legislative landscape for welfare reform, and some thoughts on how to talk about our plan, as you requested. We are also working with Rahm and others on a rollout schedule, and Stan should provide you with a separate briefing on his most recent findings. *have attached*

from Stan

I. Political and Legislative Update

As we have discussed before, there is a ^{broad} strong and powerful consensus (with exceptions on the extreme right and left) for the basic elements of our welfare reform plan. Support for time limits, work programs, and tougher child support enforcement exceeds 80-90%, with little variation across race, class, or party. Even on the issues that the Republicans think work for them -- cutting off benefits for legal immigrants and unwed mothers -- people prefer our alternatives by two- and three-to-one margins.

The current lull in the health care debate gives you an opportunity to speak out on these issues, at a time when Americans are united in believing the country has a welfare crisis and Republicans (for a change) are the ones divided over what to do about it. Recent developments in both parties have left you a good opening to dominate the debate.

A. The Republicans

Republicans are now at war with one another over whether to back the original House Republican welfare reform bill or ~~simply~~ ^{go further, and seek to} cut off all unwed mothers under 21 altogether. Gingrich and many other Republicans in the House want to stick with their original bill, which has 162 of 175 House Republicans as co-sponsors and would enable them to ~~claim~~ ^{claim share} credit for whatever passes, since the biggest differences between our plan and theirs are over how quickly to phase in and how much to cut benefits for immigrants. Bennett and Kemp sent out another William Kristol memo last month arguing that ^{the original House bill} such a strategy plays into your hands, and that Republicans should insist instead on a purist, Charles Murray approach that

① - Fix

enables them to hang onto the welfare issue. According to Fred Barnes, Kemp thought the new proposal was a bad idea, and only signed on after they promised to include \$75 billion in unpaid-for tax cuts.

Once again, you have put Republicans in an awkward position. Either they push to get something done, help you accomplish what they've spent their careers crying out for, and risk losing a favorite wedge issue, or they change their tune, move to the right, and run the risk that they'll look like obstructionists and box themselves into a position with little popular support. The Kemp-Bennett-Kristol about-face is not only the worst kind of political posturing; it is also bad politics. A recent Los Angeles Times poll found overwhelming support for our approach over Murray's: 70% favored requiring people on welfare to work, versus 25% who favored cutting off benefits for young mothers.

The Republican infighting should help us in several ways. First, it marginalizes conservatives like Bennett and Kemp (who have their own aspirations), and makes them look blatantly political. The same thing happened to Republicans on crime: you said "three strikes," they said "two strikes"; you said "boot camps," they said "stockades" -- and they looked silly in the process. On this issue, they would rather play politics than fix what everyone agrees is a welfare system in crisis.

Second, it takes attention away from the divisions within our own party and pushes moderate Republicans closer to us. Rick Santorum, the lead House sponsor, now spends as much time attacking ~~obstructionists~~ on the right as he used to spend attacking us. When the House held an Oxford-style debate on welfare reform last month, all the Republicans who spoke distanced themselves from the Charles Murray approach.

Finally, the Republican schism is yet another reason for Republican governors to prefer our plan. Most governors view the Murray approach as a direct cost shift to states and communities, who will still have to provide for young mothers in some way. In addition, they are worried that the House Republican phase-in would impose massive new costs on the states, and do nothing to sweeten their JOBS matching rate. Our plan phases in sensibly and enables states to recoup most or all of their new costs through tougher child support enforcement, caseload savings, and an increased federal match. The House Republican financing scheme also would shift the cost of providing immigrants with health care and other services almost entirely to the states. Pete Wilson has already complained that such provisions would leave California, with 40% of the immigrant population, paying 40% of the tab for welfare reform, even though the state has only 20% of the welfare caseload. Our deeming provision shifts the costs of supporting immigrants to the families who sponsor them to come into this country; it may actually save states a little money in AFDC and food stamps.

None of this means that it will be easy to get Republican votes in the House. In the end, they will have to confront the same choice they have faced on crime and NAFTA. But we can put ourselves in a position to pick up 60-100 Republican votes for welfare reform if we make sure Mack, David Gergen, Pat Griffin, and others reach out to Gingrich and

company to let them know we're genuinely interested in a bipartisan bill. That will become even more important if Congress doesn't finish welfare reform this year.

B. The Democrats

Several Democrats have put forward their own welfare reform bills, ^{many of} which are ^{more or less} largely consistent with our approach. The Mainstream Forum introduced legislation that borrows heavily from our plan. Their bill adopts the same phase-in (starting with those born after 1971) and similar provisions on time limits, work requirements, child support, etc. The most significant difference between our bill and theirs is that they propose the same immigrant financing scheme as the Republicans (although McCurdy has said ~~they~~ ^{he} might be flexible on the Medicaid part of it).

Liberal Democrats have been relatively quiet. Tom Harkin introduced a bill with flexible time limits (6 months for some people, longer than 2 years for others). Eleanor Holmes Norton wrote an outstanding Washington Post op-ed last month on the importance of work as the unifying principle for welfare reform. Bob Matsui and Patsy Mink have each introduced bills which expand the JOBS program but do not include time limits or serious work requirements.

We have been working hard to line up support from outside groups. We hope to get a DGA endorsement, and a strong statement from the NGA is not out of the question. The DLC will say nice things about our bill and the Mainstream Forum's bill; they agree with us that welfare reform should be paid for through budget cuts, not just cuts in immigrant benefits. We have probably met enough of AFSCME's concerns about displacement to keep them from opposing our plan, but like the advocacy groups, they still wish the issue would just go away.

We have met several times with Moynihan, who seems quite happy with our general direction but has not tipped his hand on specific details. In the House, Harold Ford is eager to make his mark with this issue, although from time to time he suggests giving everyone on welfare jobs that pay \$9 an hour. If Ways and Means is slow to take up welfare reform, moderate Democrats could join Republicans in a discharge petition, but so far we've persuaded them to keep their powder dry.

^{There is a chance} Ways and Means ^{could} ~~may~~ take up welfare reform sooner than they might like because Rostenkowski promised them a vote on cutting immigrant benefits. Earlier this month, Santorum tried to attach an amendment to the Social Security bill that would have eliminated all benefits for all non-citizens. It was narrowly defeated by a vote of 20-16, with Harold Ford voting present. The only way we talked Ford and other Democrats out of voting for that amendment ~~now~~ was by pleading with them to wait until we introduce our bill, so that at least they ~~can~~ ^{could} use whatever money they squeeze out of immigrants to pay for welfare reform rather than deficit reduction.

II. Highlights of Our Welfare Reform Plan

As you know ^{well} ~~better than anyone~~, the welfare debate is ^{less} ~~not~~ about policy ^{and} ~~or~~ politics ^{than it is}.
about values. The trouble with the current welfare system is that it undermines the values that matter most -- work, responsibility, family. The current system makes welfare more attractive than work, and lets too many parents avoid responsibility for supporting their children.

Our welfare reform plan is based on the basic values and principles you outlined in the campaign: No one who works full-time with a child at home should be poor, but no one who can work should stay on welfare forever. We need to make welfare what it used to be -- a second chance, not a way of life. The ones who hate the welfare system most are the people who are trapped by it. Governments don't raise children; people do. People who bring children into this world should take responsibility for them. Government has to do all it can to expand opportunity, but people have a responsibility to make the most of it. We could have all the programs and spend all the money in the world and it won't do a bit of good if people don't do right. And so on.

The attached talking points outline the highlights of our plan. There is plenty to talk about in an initiative that costs \$10 billion over 5 years and \$30 billion over 10. But it is easy to get lost in the details. The two values most on people's minds are work and responsibility. As you said to the DLC in Cleveland in 1991, work is the best social program this country has ever devised.

HIGHLIGHTS OF OUR WELFARE REFORM PLAN

→ WORK - RESPONSIBILITY

I. THE ADMINISTRATION'S RECORD ON WELFARE REFORM

1. **EITC:** Last year's economic package went a long way toward ending welfare by giving 15 million working families a tax cut through the EITC. The EITC turns a minimum wage, \$4.25 an hour job into a \$6 an hour job. With the EITC and health reform, any job is a good job.

2. **Health Reform:** Health reform will move an estimated one million women and children off welfare. A recent survey of welfare recipients in Charleston and Nashville found that 83% would take a minimum wage job if it offered health coverage for them and their families. Another study found that only 8% of people who leave welfare for work get jobs that provide health insurance.

3. **Waivers:** Since January 1993, the Administration has granted waivers to 14 states to try new initiatives on time limits, assistance for two-parent families, limiting additional benefits for additional children, and so on.

II. [TIME-LIMITING WELFARE AND REQUIRING] WORK

1. **Two-Year Time Limit:** Everyone who can work will be expected to go to work within two years. To the poor and those outside the economic mainstream, we say two things: No one who works full-time with a child at home should be poor, and no one who can work should stay on welfare forever.

* A new social contract: Everyone will be required to sign a Personal Responsibility Agreement that spells out what they can expect and what is expected of them in return. This agreement will include the two-year time limit as well as other state measures to encourage responsible behavior, such as requiring immunizations, denying benefits for additional children born on welfare, requiring mothers to name and help find the father as a condition of eligibility, etc.

* Fewer exemptions: Our plan cuts the number of exemptions in current law by half. Current law exempts mothers with children under 3; our plan limits that exemption to mothers with children under 1. The exemption for teen mothers and mothers who conceive additional children while on welfare will last only 3 months.

* No more something for nothing: From day one, everyone will be required to do something in return for receiving assistance. Even those who are exempted from JOBS participation will be expected to take part in parenting, community service, or other activities.

* A lifetime limit: People should have an incentive to leave welfare quickly and not use up their precious months of welfare eligibility. Recipients who use up their 24 months will no longer be eligible unless they enter the work program. The time limit is a lifetime limit: people who have been off welfare for long periods of time will be able to get a few months of assistance ^{to tide them over} in emergencies, but they will not be able to start over with a new 2-year clock. This will make welfare what it was meant to be -- a second chance, not a way of life.

2. Work, Not Welfare: We need to change the culture of the welfare office to focus on helping people find and keep jobs, not just writing them checks for life.

* Job search first: Job search will be required immediately of anyone who can work. Anyone offered a private sector job will be required to take it or get thrown off the rolls.

* A clear focus on employment: We will push states to shift their JOBS programs away from classroom training and toward job placement and on-the-job training. Many people on welfare are there because they failed in the classroom; it makes no sense to send them to another classroom when what they really need is help in getting and holding down a job. The best job training program is a job.

* This is not an entitlement to two years of training: Most people will be expected to enter employment well before the two years are up. States can also design shorter time limits for people who are job-ready, and require them to work sooner.

MOVE
TO (A)

3. Ending Welfare for the Next Generation: To give states a chance to do this right, our plan is phased in beginning with those born after 1971 -- anyone 25 and under by late 1996, when states begin to implement the program. That represents a third of the adult caseload initially, and will grow steadily to include nearly two-thirds by 2004.

* Young people will think ^{Under our plan,} twice before coming on welfare: We're ending welfare for the next generation. Anyone born after 1971 will know that the world has changed, and that welfare can no longer be a way of life. One problem with the Family Support Act has been that few recipients know whether they will be subject to its requirements or not. Almost any other phase-in would be subject to gaming, but date of birth is one thing you can't change.

* If we phased in everyone at once, the program would fail: Even if we had the money for it (which we don't, and neither do the states), a rapid phase-in would overwhelm state capacity, and force them to create massive public jobs programs instead of reaching out to the private sector. The best example is CETA, which grew to 750,000 jobs overnight, and was dismantled nearly as quickly as a result.

^{still}
* This is a very ambitious phase-in: Under our plan, more than 400,000 people will have hit the time limit and be working in the WORK program. Today, fewer than 15,000 welfare recipients are required to work. ^{by the year 2000.}

* States can phase in faster if they want: States will have the option of phasing in other cohorts in addition to those born after 1971 (e.g., all new applicants, all out-of-wedlock births, etc.). We will also make funds available so that they can finish serving those currently in their JOBS programs, as well as older recipients who ~~may~~ volunteer.

^{impose}
* States prefer our phase-in: The House Republican bill phases in more quickly, starting with all new applicants and reaching 90% of the non-exempt caseload ^{by} 2002. This would ~~start~~ ^{impose} billions in new costs to the states. According to a recent NGA survey, most states like our phase-in, ~~and the Mainstream Forum adopted a similar approach.~~ This phase-in was first proposed in a New Republic article by Moynihan's chief welfare aide, Paul Offner.

4. Requiring and Providing Work: Anyone who can work will have to go to work within 2 years, in the private sector if possible, in community service if necessary. [Work is the best social program this country has ever devised.]

* Work for wages, not workfare: People will work for a paycheck, not a welfare check. If you don't show up for work, you won't get paid. There will also be strong, escalating sanctions for people who quit or get fired.

* State and local flexibility, with an emphasis on the private sector: States will be able to use the money they would otherwise spend on welfare to create subsidized, non-displacing jobs in the private sector, with non-profits, or in public service employment. Communities will be encouraged to build strong links to the private sector, and can hire placement firms like America Works to help people find and keep jobs. We've worked closely with the business community to design a flexible program ~~that minimizes red tape.~~

^{with no}
* This is a transitional program, designed to ^{constantly} push people toward unsubsidized work in the private sector: People will be required to go through extensive job search before entering the work program, and after each work assignment. No work assignment will last more than 12 months. No one will receive the EITC unless they leave the program and take an unsubsidized job. Anyone who turns down a private sector job will be kicked off the program. So will people who refuse to make a good faith effort to find a job when jobs they could get are available.

* No one who can work should stay on welfare forever: This is not a guaranteed-jobs-for-life program. At the end of two years in the WORK program,

everyone will go through an intensive assessment. If they're playing by the rules, able to work, and no private jobs are available, they'll get another WORK assignment. If they're unable to work, they can be exempted or reassigned to get more training. If they're not playing by the rules, and if a state determines that they have not made a good faith effort to find available work, the state can opt to remove them from the rolls.

Real, meaningful work:

* ~~What kinds of jobs:~~ Communities will have broad flexibility in deciding what kinds of jobs to subsidize or create. We expect these to be non-displacing minimum-wage jobs that represent meaningful work. Business, union, and community leaders will have a say in the process. Many of the most promising entry-level jobs are in growth areas related to welfare reform and other Clinton initiatives. For example, our plan will increase the demand for child care workers in many communities. We expect 10% of the WORK slots to be in child care. Other promising fields include home health aides, teachers aides, child support ~~enforcement~~ *case* workers, public housing rehabilitation, and public safety.

* Where the jobs are: ~~We are often~~ *You may be* asked how we ~~are going~~ *expect* to find jobs for people on welfare when millions of Americans are already out of work. First of all, our plan is primarily about job creation -- most of the money goes to create and subsidize jobs, and to make it possible for individuals to take them. Our plan will create 400,000 jobs by the year 2000. Second, there is no shortage of entry-level jobs in this country. McDonald's alone has more job openings every year through normal turnover than will hit the two-year time limit anytime in the next 10 years. *and the Clinton record is generating 200k/yr.* Third, even under the current system, most welfare recipients are able to *find* jobs; they have trouble *keeping* them. 70% of recipients leave welfare within two years, but most of them come back. That's why it's so important to make work pay better than welfare (EITC, health care, child care, child support enforcement), and to focus the welfare system on helping people make it in the workforce (on-the-job training, job search assistance).

(?)
<ck McD's figure; cf Belles's paper on jobs> *(?)*

The Admin's budget
5. Keeping People from Going on Welfare in the First Place by Providing Child Care for the Working Poor: In addition to providing child care for people on welfare and in the work program, our plan calls for a substantial increase in child care for the working poor. ~~This year's FY93~~ also seeks hefty increases in Head Start (21%) and the Child Care Development Block Grant (22%).

* Our plan will nearly double the amount of available child care for the working poor: The plan includes \$1.7 billion over 5 years and \$6 billion over 10 to expand the At-Risk program from \$300 million annually to nearly \$1 billion.

* This program preserves flexibility and choice: States can use the money as they choose to provide child care vouchers or pay providers directly.

RESPONS.

III. [PREVENTING TEEN PREGNANCY AND PROMOTING PARENTAL RESPONSIBILITY]

1. National Campaign Against Teen Pregnancy: The number of births to unwed mothers has quadrupled in the last 30 years from 92,000 in 1960 to 368,000 in 1991. Unwed mothers (teen and older) accounted for 80% of the growth in the welfare caseload over the last decade, when the number of families on welfare rose from 3.9 million in 1983 to 5 million families last year.

* A national effort in 1,000 ~~Schools~~: We will launch school-based prevention programs in 1,000 schools across the country with the worst teen pregnancy problems. In each of these schools, National Service volunteers will work with community groups, churches, and business leaders to mentor young people on the importance of delaying sexual activity and parenthood.

* A strong message from the Bully Pulpit that it is wrong to have children outside marriage: Unwed teen mothers who drop out of school are 10 times more likely to raise a child in poverty than young people who finish school, get married, and wait until their twenties to have children. *We are planning a broad-based campaign that involves the media, the private sector, churches, and other groups.*

* Every state will set clear goals for reducing unwed teen births: We will set up a national clearinghouse on teen pregnancy ~~and out-of-wedlock births~~ to identify successful programs and help replicate them elsewhere. We will also target a handful of at-risk neighborhoods for intensive prevention efforts.

* Children who have children should live at home ^{and finish school}. Our plan will require ~~and finish HS.~~ minor mothers under 18 to live with their parents or a responsible adult. They will no longer be able to set up a separate household and receive a separate check.

2. The Toughest Child Support Laws Ever Proposed: Our plan includes the toughest, most comprehensive child support enforcement provisions ever proposed. We'll ^{can} move ~~and keep~~ thousands of families off welfare by closing the \$34 billion child support gap between what absent parents should owe and what is actually collected. If you're not paying your child support, we'll garnish your wages, suspend your license, track you across state lines, and even make you work off what you owe. ~~Governments don't raise children, people do.~~

* Establish paternity for all out-of-wedlock births: Last year's economic plan included measures to expand voluntary paternity establishment in hospitals. ^{when fathers are most likely to be present} Our welfare reform plan will require mothers to name the father as a condition of receiving

welfare, and push states to establish paternity more quickly. We want to make fathers part of the safety net again.

* Tracking down deadbeats: Every state will establish a central state registry to track payments and take prompt action when money isn't paid. A national registry of new hires will use W-4 reporting to track delinquent parents who have switched jobs or crossed state lines.

* License suspension: States will be able to use the threat of revoking driver's, professional, and commercial licenses to make delinquents pay. This threat has been extraordinarily successful in Maine, California, and other states.

* Work programs: States will be able to run programs that require men to do community service to work off the child support they owe. We will also run demonstration programs that require delinquent parents with no skills to get training. These programs should pay for themselves. Wisconsin's work program for fathers has produced a phenomenal smokeout effect: 75% pay their support rather than do court-ordered community service.

* Limited demonstration of child support assurance: The plan allows for 3 states to run demonstrations in providing guaranteed child support to families where the absent parent doesn't pay.

3. State Option to Limit Additional Benefits for Additional ^{children} Benefits Conceived on Welfare: States that want to impose family caps will have the option to do so. Early results from New Jersey show a 10% reduction in additional births to women on welfare, but it is too early to draw many conclusions. We also need to make sure that family planning is available to adults on welfare. Welfare recipients don't have more children on average than other women, but ^{many} most of those who do condemn themselves and their families to a life of poverty and dependency.

~~ck for stat on that last point~~

This isn't just about reducing deferring additional pregnancies; it's about ~~instilling~~ instilling a sense of responsibility ~~by saying that parents who~~ among parents who already have children they cannot support.

IV. GIVING STATES FLEXIBILITY TO INNOVATE

1. States Will Have Unprecedented Flexibility to Design Their Own Approach to Ending Welfare: Our plan gives states broad flexibility to try new things, because one thing we've learned in the last 30 years is that Washington doesn't have all the answers. Much of what once required waivers ^{will} become available to states as state options:

* Extending assistance to two-parent families: States will be able to waive the 100-hour rule and let two-parent families stay together.

* Rewards and sanctions to keep teen parents in school: States will be able to design their own monetary incentive programs like the LEAP program in Ohio.

* No additional benefits for additional children born on welfare: The Administration has already granted waivers to Georgia and Arkansas; this measure will now be a state option.

* Higher earnings disregards for recipients: States that want to provide increased work incentives will be free to do so.

* Advance payment of the EITC: States will be able to work with the Treasury Department to develop plans to get the EITC out on a monthly basis.

* Faster phase-in: States that want to do more will be free to phase in other cohorts in addition to recipients born after 1971.

* Setting shorter time limits, and requiring people to work sooner: States that want to move recipients into work more quickly can do so. The JOBS program allows states to require CWEP or subsidized private sector work at any time.

* Experiment with a host of demonstration programs: Our plan includes funds for demonstrations of Individual Development Accounts, child support assurance, teen pregnancy prevention, work and training programs for non-custodial parents, and many other ideas worth testing.

* Continued waiver authority: We will help states with existing waivers to adapt them once the new law passes. The broad waiver authority in current law will continue.

2. No Unfunded Mandates: Our plan will not impose major new costs upon the states. Over time, in fact, they should save money from increased child support collections and reduced welfare caseloads.

* Enhanced federal match: States have had trouble implementing the Family Support Act because of its relatively low federal match (in general, 60-40 federal). Our plan increases the federal share to 67% (higher in some states), which means that the federal government is actually picking up 80% of the new spending.

* States can spend at their own pace: Instead of imposing costly new mandates, we give states considerable flexibility in how much to spend beyond the basic plan. States willing to spend more can choose to expand eligibility for two-parent families, offer higher earnings disregards, or phase in more of their caseload.

①
* State caseload savings: These new programs will pay off in considerable savings from increased child support collection and reduced welfare caseloads. We estimate those savings to be [TK] billion over 10 years.

<ck stat>

→ SECTION on SIMPLIFICATION
+ ASSETS + FRAUD

3. **Demonstrations to See What Works:** Many of the reforms in our plan are based on successful experiments pioneered by the states. We want this innovation to continue. In addition to continued broad waiver authority for state demonstrations, our plan authorizes a number of specific demonstrations for states that are eager to try new things: ★

* **Individual Development Accounts:** As you promised in the campaign, we will encourage states to fight poverty by helping people build assets. Current welfare rules force recipients to spend their welfare check, and penalize them for savings. Our plan will waive those rules to allow people to set money aside in Individual Development Accounts to buy a home, start a business, or provide for college. States will also be able to run demonstrations in which the government matches those savings.

(More on Assets?)
- JSA lines
- case etc.
- EBT

* **Microenterprise:** In some communities, the absence of economic activity makes it difficult to leave welfare. We want to make it easier for people to start small businesses that enable them to become self-sufficient. ~~The welfare reform~~ plan provides for a nationwide demonstration of microloans, which will provide small amounts of money for welfare clients to launch small businesses. We will also change current asset rules that prohibit microenterprise for welfare recipients.

* **Mandatory Work Programs for Deadbeat Parents:** States will be able to use up to 10% of their JOBS and WORK money to run work and training programs for non-custodial parents. We estimate that these programs will recoup 80% of their costs through increased child support collections.

~~* **Child Support Assurance:** We will allow 3 states to demonstrate the concept of child support assurance, in which the government pays child support to custodial parents who cooperate in trying to track down parents who don't pay. These payments can only go to mothers not on welfare. States can combine this concept with mandatory work programs for the parents who have not paid.~~

* **Job Placement Bonuses:** We will encourage states to run demonstrations that offer job placement bonuses as an incentive to caseworkers and welfare offices for helping recipients get and keep jobs.

* **Charter Welfare Offices:** States will also be able to encourage competition and accountability by experimenting with chartering job placement firms, such as America Works, to run their JOBS program. (The Reemployment Act has similar provisions for job training.)

<ck is this true?>

?

V. HOW THIS PLAN "ENDS WELFARE AS WE KNOW IT"

Our plan spends \$10 billion over 5 years and \$30 billion over 10 years, and maps out a rapid revolution in expectations for people on welfare. But because we can't afford and the states couldn't manage ending welfare for everyone at once, Republicans and some in the press will inevitably charge that we have "scaled back" our plan and fallen short of the campaign pledge to end welfare. We need to refute these skeptics by repeatedly stressing how bold our plan really is.

1. The Most Sweeping Work Requirements in the History of Welfare: Our plan will turn a system based on welfare into a system based on work -- because work is the best social program this country has ever devised. Today, fewer than 15,000 welfare recipients in America are required to work. Under our plan, an estimated 400,000 people will be in mandatory work programs by the year 2000. We require people who come on welfare to start looking for work from day one. Everyone who can work will have to do so within two years, or sooner if their state says so. We cut the number of exemptions in half, so that no one who is able to work can avoid it. And we'll move families off welfare by making fathers who are behind in their child support work off what they owe.

2. The Toughest Child Support Crackdown Ever Proposed: The child support enforcement measures in our welfare reform plan are by far the toughest any Administration has ever put forward. For the first time, government will hold both parents responsible for raising their children. Mothers won't be able to get welfare if they refuse to name the father. Absent parents who owe child support will face the most serious penalties ever: wage withholding, credit reporting, the threat of license revocation, a national registry of new hires to track them wherever they go, and mandatory work programs to make them work off what they owe. If this country did a better job of enforcing child support, we wouldn't need a welfare system. Every five deadbeats we catch will mean one fewer family on welfare.

True?

3. A New Social Contract -- No More Something for Nothing: After decades of unchecked growth in government social programs, this is the first Administration in either party to ask something in return. In the campaign, you promised a new social contract of more opportunity in return for more responsibility. As you said at Georgetown, "We must go beyond the competing ideas of the old political establishment -- beyond every man for himself on the one hand, and the right to something for nothing on the other." National service, the EITC, health reform, and welfare reform are all based on this same principle. Under our welfare reform plan, there will be no more something for nothing. Everyone will be required to work, get training, or finish school -- and even who are unable to work will be expected to attend parenting classes or give something back through some form of voluntary service.

Not

4. **Ending Welfare as a Way of Life:** The combined impact of welfare reform, health reform, and the expansion of the EITC will be dramatic and immediate. About half the caseload will be phased in by the year 2000. In the absence of reform, only 4% of that group would be doing work of any kind by then. We estimate that with reform, ten times as many people -- 40% of the phased-in group -- will be working, either in the WORK program, in part-time work that leaves them still eligible for some welfare, or in unsubsidized work they are able to hold down because of these reforms. Another 33% will be taking part in time-limited mandatory training, education, and placement programs (without reform, only 20% of the caseload would be in such activities). In the absence of reform, a full 76% of the phased-in group would face no requirements at all. With reform, that number will shrink to 27% -- and even people in that group will be expected to participate in ~~some activities under our~~ *voluntary service, parenting classes, or other*

~~plan.~~

This is
5. **Everything You Promised in the Campaign -- and Then Some:** Nothing about this plan is scaled back from your campaign promises. You've already made good on the EITC pledge that no one who works full-time with a child at home should be poor. This plan includes the two-year time limit as promised, with education, training, and child care -- and no loopholes; a work program that stresses the private sector first and community service as a last resort; dramatically tougher child support enforcement; state flexibility to experiment; etc. (The work-for-wages policy, which says that if you don't show up for work you don't get paid, actually goes a little further than what we discussed in the campaign, ^{about} ~~of~~ sanctioning the adult share of the grant.) It costs around \$4 billion a year when phased in, which is exactly what we said it would cost in the campaign. The plan includes many elements we didn't get into during in the campaign, such as a national campaign against teen pregnancy and a substantial increase in working poor child care (which ~~we did not promise~~ *was not a campaign*) ~~in the campaign.~~

6. **The First Administration to Try to Keep People from Going on Welfare in the First Place:** In addition to ^{the} ~~the~~ many ~~Administration~~ ^{your's at the first} initiatives designed to empower people to lift themselves out of poverty -- Empowerment Zones, community development banks, enforcement of the Community Reinvestment Act, the EITC, health reform, sweeps in public housing, community policing, etc. -- ~~this is the first~~ ^{your's at the first} Administration to confront one of the leading causes of poverty, the breakdown of the family. The welfare reform plan includes several tough, smart measures to discourage people from having children outside marriage: the first time limits ever imposed on welfare, coupled with the broadest and most serious work requirements; a nationwide crackdown on child support enforcement, which will give states an arsenal of ways to keep absent parents from getting off the hook; a national campaign against teen pregnancy, targeted to the most troubled schools; and a broad array of incentives the states can use to encourage responsible behavior, from limiting additional benefits for additional children to rewarding teenagers for staying in school. In the long run, the only way to end welfare is to reduce the number of people coming on it.

VI. PAYING FOR WELFARE REFORM

1. Cost estimates are conservative. Behavior assumptions less than we actually expect. Capped entitlements so they can't grow out of control.
2. Pay for it through immigrants, drug addicts, polluters, and deadbeats. Also caseload reduction and fraud detection. Details of each.

COSTS
+
OFFSETS

ATTACH COPY OF STAN'S POLL?

Bruce --

A few notes on the memo to the President:

Political and Legislative Update

- o I agree completely with your assessment that we can put ourselves in the position to pick up 60-100 Rep. votes -- but everything we have done on the Hill to now goes against that. To me, it seems clear that the strategy the Legislative people have chosen is to go for a Democratic bill. I'm concerned that your memo makes it sound more realistic than we have made it to pick up those Rep votes.
- o I think you may be playing up the Rep splits without enough emphasis on the Dem splits. You should probably at least allude to some of the painful meetings with Dem leadership who don't want to see a bill this year; Hispanic caucus and their deeming issues; and the large gap between for instance a Woolsey/Mink/Matsui approach and the Mainstream Forum.
- o On a less legislative note, and more communications, this may be an opportunity to get in an argument against announcing and then not sending up a bill. It seems to me that we will really take some heat if we try to do that - particularly since so many people know that we actually have a bill. The speculation over what our strategy is - what this says about our commitment to the issue - about our concerns about health care - etc. will take away any hope of getting some focus on the substance of the plan.

Highlights

- o I don't know if I would put the phase-in between 2. Work, not Welfare and 4. Requiring and Providing Work.

Maybe make ROMAN NUMERAL IV -- A PLAN THAT WORKS FOR STATES and then put the phase in there. I think it breaks the flow of the points on work.

- o I'm also not sure if the child care point flows right in the work section. How about as the last point in responsibility after the family cap? In a way, it's a prevention issue: giving people \$ for child care helps keep them out of the system in the first place. The other items - 1,2,4 - are clearly about the changes to the welfare program to make it more work-focused.

- o p. 9 - on teen pregnancy: all teen parents will be required to finish school as a condition for welfare benefits and they will all get special case management services aimed at helping them finish school, avoid another pregnancy, and move on to work or further education.
- o State Flexibility: beyond the specified options and demonstrations, the whole plan leaves a lot of room for the states to design their own programs - WORK is practically a block grant, as is JOBS. This flexibility could be a bold point on its own.
- o Also, the move to a performance-based rather than process based funding system. Outcome measures, performance incentives, etc.

- o Re: assets - Maybe more than the IDA bullet:

"As you promised in the campaign, we have taken a number of steps to help people to build assets as one way out of poverty: allowing people to save some money for a home, business or education without losing their eligibility for help; allowing people to own a car of reasonable value so they can find and take a job; giving them the opportunity to become self-employed or start a microenterprise."

- o I find the para on p. 14 on ENDING WELFARE AS A WAY OF LIFE confusing. "Reform means that by the year 2000, three quarters of the projected welfare caseload will either be off welfare, working, or in a program leading to work. Without reform, only ___ would be working (is it really only 4%), and 20 percent would be in education or training."

One general comment: This is an extraordinarily good document -- it's exactly the type of framework we need people to start working with. I hope you'll weigh in strongly on the "vision piece" that is being drafted for roll-out and on some of the standard speeches and talking points that HHS is drafting. I know our friends may not be pleased with it -- but you've hit the all the notes we need to be selling.

For contrast, re-read the first page of the vision piece: it's dry and academic [no surprise], and focuses on the "culture of the welfare office" and the need to give people access to education and training and to give them back dignity and control. It's nice language for a journal article -- but really needs the punch that your writing brings.

23
May 10, 1994

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
SUBJECT: The Politics of Welfare Reform

This memo includes an update on the political and legislative landscape for welfare reform, and some thoughts on how to talk about our plan, as you requested. We are also working with Rahm and others on a rollout schedule, and Stan should provide you with a separate briefing on his most recent findings.

I. Political and Legislative Update

As we have discussed before, there is a strong and powerful consensus (with exceptions on the extreme right and left) for the basic elements of our welfare reform plan. Support for time limits, work programs, and tougher child support enforcement exceeds 80-90%, with little variation across race, class, or party. Even on the issues that the Republicans think work for them -- cutting off benefits for legal immigrants and unwed mothers -- people prefer our alternatives by two- and three-to-one margins.

The current lull in the health care debate gives you an opportunity to speak out on these issues, at a time when Americans are united in believing the country has a welfare crisis and Republicans (for a change) are the ones divided over what to do about it. Recent developments in both parties have left you a good opening to dominate the debate.

A. The Republicans

Republicans are now at war with one another over whether to back the original House Republican welfare reform bill or simply cut off all unwed mothers under 21 altogether. Gingrich and many other Republicans in the House want to stick with their original bill, which has 162 of 175 House Republicans as co-sponsors and would enable them to claim credit for whatever passes, since the biggest differences between our plan and theirs are over how quickly to phase in and how much to cut benefits for immigrants. Bennett and Kemp sent out another William Kristol memo last month arguing that such a strategy plays into your hands, and that Republicans should insist instead on a purist, Charles Murray approach that enables them to hang onto the welfare issue. According to Fred Barnes, Kemp thought the new proposal was a bad idea, and only signed on after they promised to include \$75 billion in

unpaid—for tax cuts.

Once again, you have put Republicans in an awkward position. Either they push to get something done, help you accomplish what they've spent their careers crying out for, and risk losing a favorite wedge issue, or they change their tune, move to the right, and run the risk that they'll look like obstructionists and box themselves into a position with little popular support. The Kemp-Bennett-Kristol about-face is not only the worst kind of political posturing; it is also bad politics. A recent Los Angeles Times poll found overwhelming support for our approach over Murray's: 70% favored requiring people on welfare to work, versus 2_% who favored cutting off benefits for young mothers.

The Republican infighting should help us in several ways. First, it marginalizes conservatives like Bennett and Kemp (who have their own aspirations), and makes them look blatantly political. The same thing happened to Republicans on crime: you said "three strikes," they said "two strikes"; you said "boot camps," they said "stockades" -- and they looked silly in the process. On this issue, they would rather play politics than fix what everyone agrees is a welfare system in crisis.

Second, it takes attention away from the divisions within our own party and pushes moderate Republicans closer to us. Rick Santorum, the lead House sponsor, now spends as much time attacking obstructionists on the right as he used to spend attacking us. When the House held an Oxford-style debate on welfare reform last week, all the Republicans who spoke distanced themselves from the Charles Murray approach.

Finally, the Republican schism is yet another reason for Republican governors to prefer our plan. Most governors view the Murray approach as a direct cost shift to states and communities, who will still have to provide for young mothers in some way. In addition, they are worried that the House Republican phase-in would impose massive new costs on the states, and do nothing to sweeten their JOBS matching rate. Our plan phases in sensibly and enables states to recoup most or all of their new costs through tougher child support enforcement, caseload savings, and an increased federal match. The House Republican financing scheme also would shift the cost of providing immigrants with health care and other services almost entirely to the states; Pete Wilson has already complained that such provisions would leave California, with 40% of the immigrant population, paying 40% of the tab for welfare reform, even though the state has only 20% of the welfare caseload. Our deeming provision shifts the costs of supporting immigrants to the families who sponsor them to come into this country; it does not affect their Medicaid eligibility, and it may actually save states a little money in AFDC and food stamps.

None of this means that it will be easy to get Republican votes in the House. In the end, they will have to confront the same choice they have faced on crime and NAFTA. But we can put ourselves in a position to pick up 60-100 Republican votes for welfare reform if we make sure Mack, David Gergen, Pat Griffin, and others reach out to Gingrich and company to let them know we're genuinely interested in a bipartisan bill. That will become even more important if Congress doesn't finish welfare reform this year.

B. The Democrats

Several Democrats have put forward their own welfare reform bills, which are largely consistent with our approach. This week, the Mainstream Forum introduced legislation that borrows heavily from our plan. Their bill adopts the same phase-in (starting with those born after 1971) and similar provisions on time limits, work requirements, child support, etc. The most significant difference between our bill and theirs is that they propose the same immigrant financing scheme as the Republicans (although McCurdy has told me they might be flexible on the Medicaid part of it).

The left has been relatively quiet. Tom Harkin introduced a bill with Kit Bond that calls for flexible time limits (6 months for some people; longer than 2 years for others). Eleanor Holmes Norton wrote an outstanding Washington Post op-ed last month on the importance of work as the unifying principle for welfare reform. Lynn Woolsey is working on a big jobs bill that probably will not include time limits.

We have been working hard to line up support from outside groups. We hope to get a DGA endorsement, and an NGA endorsement is not out of the question. The DLC will say nice things about our bill and the Mainstream Forum's bill; they agree with us that welfare reform should be paid for through budget cuts, not just cuts in immigrant benefits. We have probably met enough of AFSCME's concerns about displacement to keep them from opposing our plan, but like the advocacy groups, they still wish the issue would just go away.

We have met several times with Moynihan, who seems quite happy with our general direction but has not tipped his hand on specific details. He has told us he will hold hearings and move forward with welfare reform after health care has cleared the committee, but that could change if he gets worried about his primary later this year against Al Sharpton.

In the House, Harold Ford is eager to make his mark with this issue, although from time to time he suggests giving everyone on welfare jobs that pay \$9 an hour. If Ways and Means is slow to take up welfare reform, moderate Democrats could join Republicans in a discharge petition, but so far we've persuaded them to keep their powder dry.

Ways and Means may take up welfare reform sooner than they might like because Rostenkowski promised them a vote on cutting immigrant benefits. Last week, Santorum tried to attach an amendment to the Social Security bill that would have eliminated all benefits for all non-citizens. It was narrowly defeated by a vote of 20-16, with Harold Ford voting present. The only way we talked Ford and other Democrats out of voting for that amendment now was by pleading with them to wait until we introduce our bill, so that at least they can use whatever money they squeeze out of immigrants to pay for welfare reform rather than deficit reduction.

II. Highlights of Our Welfare Reform Plan

As you know better than anyone, the welfare debate is not about policy or politics; it's

about values. The trouble with the current welfare system is that it undermines the values that matter most -- work, responsibility, family. The current system makes welfare more attractive than work, and lets too many parents avoid responsibility for supporting their children.

Our welfare reform plan is based on the basic values and principles you outlined in the campaign: No one who works full-time with a child at home should be poor, but no one who can work should stay on welfare forever. We need to make welfare what it used to be -- a second chance, not a way of life. The ones who hate the welfare system most are the people who are trapped by it. Governments don't raise children; people do. People who bring children into this world should take responsibility for them. Government has to do all it can to expand opportunity, but people have a responsibility to make the most of it. We could have all the programs and spend all the money in the world and it won't do a bit of good if people don't do right. And so on.

The attached talking points outline the highlights of our plan. There is plenty to talk about in an initiative that costs \$10 billion over 5 years and \$30 billion over 10. But it is easy to get lost in the details. The two values most on people's minds are work and responsibility. As you said to the DLC in Cleveland in 1991, work is the best social program this country has ever devised.

SUPERLATIVES

The first comprehensive national effort to reduce welfare dependency by reducing teen pregnancy

✓ The toughest child support enforcement program ever proposed; will save nearly \$5 billion over ten years

✓ Within ten years, 75 percent of projected welfare recipients will be either working or in a program preparing them for work

✓ Saves \$5 billion in direct welfare payments over ten years

✓ First real effort to harness the power of the private sector to help welfare recipients find jobs

NT
NT

EXECUTIVE OFFICE OF THE PRESIDE
EXECUTIVE OFFICE OF THE PRESIDE

11-May-1994 01:11pm

TO: Bruce N. Reed

FROM: Jeremy D. Benami
Domestic Policy Council

SUBJECT: Rough scribbles before I had to leave.

Preventing Teen Pregnancy and Promoting Parental Responsibility

National Campaign Against Teen Pregnancy

- Establishes school-based prevention programs in 1,000 most at-risk schools across the country
- Sets up a National Clearinghouse on Teen Pregnancy to evaluate, publicize and help replicate successful program
- Tests out comprehensive community based prevention strategies

Promoting Parental Responsibility

- Requires children under 18 who have children to live with their parents or a responsible adult
- Gives states the option to impose a family cap, limiting additional welfare for additional children

Strengthen Child Support Enforcement

- Closes the \$34 billion gap between child support collections and potential child support awards
- Makes it a national goal to establish paternity in all out-of-wedlock births
- Enforces requirement to establish paternity to get welfare

MAKES WELFARE TRANSITIONAL; REQUIRES WORK

Imposes a Two Year Time Limit

- For everyone born after 1971, welfare will be limited to two years
- Everyone will be required to do something in return for receiving assistance.
- Within ten years, 75 percent of welfare recipients will either be working or participating in a program to get them to work
- The focus of the welfare program from the first day will be on finding a job; job search will be required immediately of anyone who can work

POTUS MEMO

How to talk about our plan

1. Political Overview

- competing plans, GOP
- legis update

2. Key Elements of Our Plan

1. Values: Work, responsibility (family)

2. How this ends welf as we know it

- boldest work reqt in history of program
- cuts exemptions about half
-

3. Key Areas:

1. Personal Responsibility

2. Rewarding Work over Welfare

3. Time Limits/Requiring Work for moms and dads
- changing culture of welfare office

4. State flex/innovation

4. How to talk about how we pay for it

3. Strengths/Vulnerabilities (Stan's #'s?)

1. Key questions/answers

4. Places to go, things to see

EXECUTIVE OFFICE OF THE PRESIDENT

06-May-1994 06:56pm

TO: Bruce N. Reed

FROM: Isabel Sawhill
Office of Mgmt and Budget, HRVL

SUBJECT: wr schedule

We need about three weeks from the time ALL of the legislation (not just the first piece) has been sent to OMB until the bill is actually transmitted to the Hill. This is the time it realistically takes to obtain all comments from the agencies and the rest of EOP, iron out issues, incorporate changes, do transmittal letter, section by section analysis, and fact sheets for press, etc. Getting the legislation in pieces, or in draft, will help to speed the process, but should not be assumed to significantly reduce the time needed. In addition, without this time, we will have almost no opportunity to fix problems. Quite apart from the policy issues that you and I have discussed, there will be a lot of inconsistencies, inadequately drafted sections, omissions, etc. that will need to be addressed, but which are unlikely to be spotted until we have a complete bill.

Thus, if we got EVERYTHING from HHS by May 16 (consistent with Wendell's memo), we could hope to introduce the bill by June 7.

It would be best, I think, if Carol put both dates in a memo to HHS and us, directing us to try to stick to this schedule.

Welfare, Work, and Training Status of Phased-in Group
With and Without Reforms in the Year 2000

	Without Reforms	With Reforms
Working and/or Off of Welfare		
Off of welfare	0%	15%
Combining work and welfare	4%	7%
In WORK program	<u>0%</u>	<u>18%</u>
Total	4%	40%
In Time-limited, Mandatory Training, Education, and Placement Program With High Participation Standards	0%	33%
Required to Participate in Training, Education, and Placement Program But No Time Limits and Low Participation Standards	20%	0%
Not Required to Participate in Training, Education and Placement Programs Due to Illness, Caring for Disabled child, young child, or other exemptions	76%	27%
TOTAL	100%	100%

Notes: Half of the caseload is phased-in by the year 2000

Reforms include welfare reform, health reform, etc.

Under welfare reform even persons in the lat group are expected to participate in some activ

HIGHLIGHTS OF OUR WELFARE REFORM PLAN

I. THE ADMINISTRATION'S RECORD ON WELFARE REFORM

econ talking pts

*5 mil. families
16% of
+ pages*

1. EITC: Last year's economic package went a long way toward ending welfare by providing a \$20+ billion expansion in the EITC. [Estimate of # of families] The EITC turns a minimum wage, \$4.25 an hour job into a \$6 an hour job. With the EITC and health reform, any job is a good job.

2. Health Reform: Health reform will move an estimated one million women and children off welfare. A recent survey of welfare recipients in Charleston and Nashville found that 83% would take a minimum wage job if it offered health coverage for them and their families. Another study found that only 8% of people who leave welfare for work get jobs that provide health insurance.

3. Waivers: Since January 1993, the Administration has granted waivers to 14 states to try new initiatives on time limits, assistance for two-parent families, limiting additional benefits for additional children, and so on. *[faster than Bush??]*

CALL MONAHAN

II. TIME-LIMITING WELFARE AND REQUIRING WORK

1. Two-Year Time Limit: Everyone who can work will be expected to go to work within two years.

* A new social contract: Everyone will be required to sign a Personal Responsibility Agreement that spells out what they can expect and what is expected of them in return. This agreement ~~would~~ include the two-year time limit as well as other state measures to encourage responsible behavior, such as requiring immunizations, denying benefits for additional children born on welfare, requiring mothers to name and help find the father as a condition of eligibility, etc.

*move to
to
(A)*

* This is not an entitlement to two years of training: *in the private sector* From the outset, the focus will be on finding a job. *change culture of welfare offic* Most people will be expected to enter employment well before the two years are up. States can also design shorter time limits for people who are job-ready, and require them to work sooner.

* Fewer exemptions: Our plan cuts the number of exemptions in current law by half. Current law exempts mothers with children under 3; our plan limits that exemption to mothers with children under 1. The exemption for teen mothers and mothers who conceive additional children while on welfare will last only 3 months.

No more s. for nothing
* ~~Everyone can do something~~: Everyone will be required to do something in return for receiving assistance. Even those who are exempted from JOBS participation will be expected to take part in parenting, community service, or other activities.

→ Day One

~~No more something-for-nothing~~ Less than 15% of the current welfare caseload is working or in training. Within 10 years, 75% of welfare recipients will either be working or doing something designed to get them into work.

DO LATER

CHECK
ELLWOOD
PAPER

[Handwritten signature]

* A lifetime limit: People should have an incentive to leave welfare quickly and not use up their precious months of welfare eligibility. Recipients who use up their 24 months will no longer be eligible unless they enter the work program. The time limit is a lifetime limit: people who have been off welfare for long periods of time will be able to get a few months of assistance in emergencies, but they will not be able to start over with a new 2-year clock.

2. Work, Not Welfare: The focus of the welfare system should be on finding people jobs, not writing them checks for life.

* Job search first: Job search will be required immediately of anyone who can work. Anyone offered a private sector job will be required to take it or get thrown off the rolls.

* A clear focus on employment: We will push states to shift their JOBS programs away from classroom training and toward job placement and on-the-job training. Many people on welfare are there because they failed in the classroom; it makes no sense to send them to another classroom when what they really need is help in getting and holding down a job. The best job training program is a job.

INSERT (A)

3. Ending Welfare for the Next Generation: To give states a chance to do this right, our plan is phased in beginning with those born after 1971 -- anyone 25 and under by late 1996, when states begin to implement the program. That represents a third of the adult caseload initially, and will grow steadily to include around two-thirds by 2004.

late

initially

nearby

We're ending W for the next generation.

check
D.E.

* Young people will think twice before coming on welfare: Anyone born after 1971 will know that the world has changed, and that welfare can no longer be a way of life. One problem with the Family Support Act has been that few recipients know whether they will be subject to its requirements or not.

* If we phased in everyone at once, the program would fail: Even if we had the money for it (which we don't, and neither do the states), a rapid phase-in would overwhelm state capacity, and force them to create massive public jobs programs instead of reaching out to the private sector. The best example is CETA, which grew to 750,000 jobs overnight, and was dismantled nearly as quickly as a result. (GOP phase-in/CBO)

* Still ambitious: work program of 350,000 etc.

* States can phase in faster if they want: States will have the option of phasing in other cohorts in addition to those born after 1971 (e.g., all new applicants, all out-of-wedlock births, etc.). We will also make funds available so that they can finish serving those currently in their JOBS programs, as well as older recipients who

may volunteer.

90% of non exempt
founded by 2002

* States prefer our phase-in: The House Republican bill phases in more quickly, starting with all new applicants and reaching all recipients by 200. This would shift billions in new costs to the states. According to a recent NGA survey, most states like our phase-in. The Mainstream Forum adopted the same approach as ours for its bill. Moynihan likes it, especially since the idea came from his chief welfare aide, Paul Offner. a scholar

GOP?

4. Requiring and Providing Work: Anyone who can work will have to go to work within 2 years, in the private sector if possible, in community service if necessary.

* Work for wages, not workfare: People will work for a paycheck, not a welfare check. If you don't show up for work, you won't get paid. There will also be strong ~~penalties~~ ^{penalties} for people who quit or get fired.

* State and local flexibility, with an emphasis on the private sector: States will be able to use the money they would otherwise spend on welfare to create subsidized, non-displacing jobs in the private sector, with non-profits, or in public service employment. Communities will be encouraged to build strong links to the private sector, and can hire placement firms like America Works to help people find and keep jobs.

We've worked closely with business etc.

→ Private sector jobs

* This is not a guaranteed-jobs-for-life program: People will be required to go through extensive job search before entering the work program, and after each work assignment. Anyone who turns down a private sector job will be kicked off the program. No one will receive the EITC unless they leave the program and take an unsubsidized job. States will have the option to put a three-year time limit on the work program for people who have worked before and live in areas where there are jobs available for which they have the skills.

* SIZE OF WORK PROGRAM: 350,000

* Where the jobs are:
Walmart, Kmart, McDonald's etc.
Bell's Paper

5. Keeping People from Going on Welfare in the First Place by Providing Child Care for the Working Poor: In addition to providing child care for people on welfare and in the work program, our plan calls for a substantial increase in child care for the working poor. This year's FY95 also seeks hefty increases in Head Start (21%) and the Child Care Development Block Grant (22%).

BUDGET

* Our plan will nearly double the amount of available child care for the working poor: The plan includes \$1.7 billion over 5 years and \$4 billion over 10 to expand the At-Risk program from \$300 million annually to \$1 billion.

* This program preserves flexibility and choice: States can use the money as they choose to provide child care vouchers or pay providers directly.

III. PREVENTING TEEN PREGNANCY AND PROMOTING PARENTAL RESPONSIBILITY

1. National Campaign Against Teen Pregnancy: We will launch school-based prevention programs in 1,000 schools across the country with the worst teen pregnancy problems. In each of these schools, National Service volunteers will work with community groups, churches, and business leaders to mentor young people on the importance of delaying sexual activity and parenthood.

* Strong message from the pulpit that it is wrong to have children outside marriage: *Wisconsin - (Galston stat) unit. delay, 10 times*

* Every state will set clear goals for reducing unwed teen births: We will set up a national clearinghouse on teen pregnancy and out-of-wedlock births to identify successful programs and help replicate them elsewhere. We will also target a handful of at-risk neighborhoods for intensive prevention efforts.

* Children who have children should live at home: Our plan will require minor mothers under 18 to live with their parents or a responsible adult. They will no longer be able to set up a separate household and receive a separate check.

2. The Toughest Child Support Laws ^{Ever} in History: Our plan includes the toughest, most comprehensive child support enforcement provisions ever proposed. We'll move thousands of families off welfare by closing the \$34 billion child support gap between what absent parents should owe and what is actually collected. If you're not paying your child support, we'll garnish your wages, suspend your license, track you across state lines, and even make you work off what you owe.

* Establish paternity for all out-of-wedlock births: Last year's economic plan included measures to expand voluntary paternity establishment in hospitals. Our welfare reform plan will require mothers to name the father as a condition of receiving welfare, and push states to establish paternity more quickly. We want to make fathers part of the safety net again.

* Tracking down deadbeats: Every state will establish a central state registry to track payments and take prompt action when money isn't paid. A national registry of new hires will use W-4 reporting to track delinquent parents who've switched jobs or crossed state lines.

* License suspension: States will be able to use the threat of revoking driver's, professional, and commercial licenses to make delinquents pay. This threat has been extraordinarily successful in Maine, California, and other states.

* Work programs: States will be able to run programs that require men to do community service to work off the child support they owe. We will also run demonstration programs that require delinquent parents with no skills to get training. These programs should pay for themselves. Wisconsin's work program for fathers has produced a phenomenal smokeout effect: 0% pay their support rather than do court-

The # of births to unwed mothers has quadrupled since 1960, from 92,000 in 1960 to 360,000 in 1991. ~~Costs~~

Unwed mothers (teen and older) accounted for 80% of the cost of child support in the last decade, which rose from 39 in families in 83 to 50 in families in last year.

→ WISC

ordered community service.

* Limited demonstration of child support assurance: The plan allows for 3 states to run demonstrations in providing guaranteed child support to families where the absent parent doesn't pay.

3. State Option to Limit Additional Benefits for Additional Benefits Conceived on Welfare: States that want to impose family caps will have the option to do so. Early results from New Jersey show a 10% reduction in additional births to women on welfare, but it is too early to draw many conclusions.

~~It is important to note that if we're going to avoid setting people off welfare, we have to do something we want to discourage. We need to make sure that family planning is also available to adults on welfare.~~

IV. GIVING STATES FLEXIBILITY TO INNOVATE

1. States Will Have Unprecedented Flexibility to Design Their Own Approach to Ending Welfare: Our plan gives states broad flexibility to try new things, because one thing we've learned in the last 30 years is that Washington doesn't have all the answers. Much of what states ~~have~~ needed waivers for will ~~now~~ be available to them as state options:

~~Welfare recipients don't have more children on average than other women, but those who do condemn themselves + their families to a life of poverty + dependency.~~

* Extending assistance to two-parent families: States will be able to waive the 100-hour rule and let two-parent families stay together.

* Rewards and sanctions to keep teen parents in school: States will be able to design their own monetary incentive programs like the LEAP program in Ohio.

* No additional benefits for additional children born on welfare: The Administration has already granted waivers to Georgia and Arkansas; ~~it~~ will now be a state option.

* ~~Set~~ higher earnings disregards for recipients: States that want to provide increased work incentives will be free to do so.

* Advance payment of the EITC: States will be able to work with the Treasury Department to develop plans to get the EITC out on a monthly basis.

* ~~Phase-in~~ their caseload more quickly: States ~~will~~ be free to phase in other cohorts in addition to recipients born after 1971.

* ~~Set~~ shorter time limits, and require people to work sooner: States that want to move recipients into work more quickly can do so. ~~The JOBS program~~ allows states to require ~~CETA~~ or ~~substantial~~ private sector work at any time.

* Experiment with a host of demonstration programs: Our plan includes funds for demonstrations of Individual Development Accounts, child support assurance, teen pregnancy prevention, work and training programs for non-custodial parents, and many other promising ideas, ~~with testing.~~

* Continued waiver authority: We will help states with existing waivers to adapt them once the new law passes. The broad waiver authority in current law will continue.

2. No Unfunded Mandates: Our plan will not impose major new costs upon the states. Over time, in fact, they should save money from increased child support collections and reduced welfare caseloads.

* Enhanced federal match: States have had trouble implementing the Family Support Act because of its relatively low federal match (in general, 60-40 federal). Our plan increases the federal share to 67% (higher in some states), which means that the federal government is actually picking up 80% of the new spending.

* State caseload savings: These new programs will pay off in considerable savings from increased child support collection and reduced welfare caseloads. We estimate those savings to be [TK].

3. Demonstrations to See What Works: Many of the reforms in our plan are based on successful experiments pioneered by the states. We want this innovation to continue. In addition to continued broad waiver authority for state demonstrations, our plan authorizes a number of specific demonstrations for states that are eager to try new things:

* Individual Development Accounts: As you promised in the campaign, we will encourage states to ~~test new ways to~~ fight poverty by helping people build assets. Current welfare rules force recipients to spend their welfare check, and penalize them for savings. Our plan will waive those rules to allow people to set money aside in Individual Development Accounts to buy a home, start a business, or provide for college. States will also be able to run demonstrations in which the government matches those savings.

* Microenterprise: [fill in]

* Mandatory Work Programs for Deadbeat Parents: States will be able to use up to 10% of their JOBS and WORK money to run work and training programs for non-custodial parents. We estimate that these programs will recoup 80% of their ~~cost~~ ~~money we spend~~ through increased child support collections.

* Child Support Assurance: We will allow 3 states to demonstrate the concept of child support assurance, in which the government pays child support to custodial parents who cooperate in trying to track down parents who ~~are in arrears~~ ^{are in arrears}. These payments can only go to mothers not on welfare. States can combine this concept with mandatory work programs for the parents who have not paid.

* Job Placement Bonuses: We will encourage states to run demonstrations that offer job placement bonuses as an incentive to caseworkers and welfare offices for

helping recipients get and keep jobs.

* Charter Welfare Offices: States will also be able to encourage competition and accountability by experimenting with chartering job placement firms, such as America Works, to run their JOBS program. (The Reemployment Act has similar provisions for job training.)

True?

V. HOW THIS PLAN "ENDS WELFARE AS WE KNOW IT"

Because we can't afford and the states couldn't manage ending welfare for everyone at once, Republicans and some in the press will inevitably charge that we have "scaled back" our plan and fallen short of the campaign pledge to end welfare. We need to refute these skeptics by repeatedly stressing how bold our plan really is.

-- #'s in work program

VI. PAYING FOR WELFARE REFORM

-- capped entitlements, conservative spending estimates

Fraud

Caseload reduction

gop -- 8fold increase

impact of CSE -- licensing, work, etc.

SANCTIONS

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~~37%~~ 37% of 500,000 = 15K

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1. The Most Sweeping Work Requirements in the History of Welfare: Our plan will turn a system based on welfare into a system based on work -- because work is the best social program this country has ever devised. Today, fewer than _____ welfare recipients in America are required to work. Under our plan, an estimated 350,000 people will be in mandatory work programs by the year 2000. We require people who come on welfare to start looking for work from day one. Everyone who can work will have to do so within two years, or sooner if their state says so. We cut the number of exemptions in half, so that no one who is able to work can avoid it. And we'll move families off welfare by making fathers who are behind in their child support work off what they owe.

2. The Toughest Child Support Crackdown Ever Proposed: The child support enforcement measures in our welfare reform plan are by far the toughest any Administration has ever put forward. For the first time, government will hold both parents responsible for raising their children. Mothers won't be able to get welfare if they refuse to name the father. Absent parents who owe child support will face the most serious penalties ever: wage withholding, credit reporting, the threat of license revocation, a national registry of new hires to track them wherever they go, and mandatory work programs to make them work off what they owe. If this country did a better job of enforcing child support, we wouldn't need a welfare system. Every five deadbeats we catch will mean one fewer family on welfare.

3.

3. No More Something for Nothing -- Ending Welfare as a Way of Life: After decades of unchecked growth in government social programs, this is the first Administration in either party to ask something in return. In the campaign, you promised a new social contract of more opportunity in return for more responsibility. As you said at Georgetown, "We must go beyond the competing ideas of the old political establishment -- beyond every

man for himself on the one hand, and the right to something for nothing on the other." National service, the EITC, health reform, and welfare reform are all based on this same principle. Under our welfare reform plan, there will be no more something for nothing. Everyone will be required to work, get training, or finish school -- and even who are unable to work will be expected to attend parenting classes or give something back through some form of voluntary service.

- teen pregnancy campaign: first administration to go after...
- 10/30b -- but don't just a program by its pricetag
- ends W for next generation -- can't change your birthday
 - everyone covered within decade
- everything you promised in the campaign and then some
- states that want to go further can do so -- can't mandate what they can't afford
- emphasis on work
- dramatic change in culture of welfare
- values: everyone can do something; 2nd chance, not way of life; prevent from going on in the 1st place
- caseload and CSE savings... \$5b+

VI. PAYING FOR WELFARE REFORM

- capped entitlements, conservative spending estimates
- Fraud
- Caseload reduction

gop -- 8fold increase
impact of CSE -- licensing, work, etc.

SANCTIONS

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VI. PAYING FOR WELFARE REFORM

1. Cost estimates are conservative. Behavior assumptions less than we actually expect. Capped entitlements so they can't grow out of control.
2. Pay for it through immigrants, drug addicts, polluters, and deadbeats. Also caseload reduction and fraud detection. Details of each.

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