

WR - Q+A

WELFARE REFORM Q&A

November 8, 1996

Q. What are your plans to "fix" the welfare reform bill?

A. I signed the welfare reform bill because it offered us an historic chance to break the cycle of welfare dependency and promote our values of work, responsibility, and family. Now that the old, broken system is gone, we all have an obligation to help move people from welfare to work. That is why I put forward a plan to help the private sector create 1 million jobs, so we can send people to work to earn a paycheck, not a welfare check. We have changed America's entire social policy to reward work and help parents succeed at work and at home -- through the EITC, more child care, and transitional health care. Now we need to make sure the jobs are there.

[If pressed on immigrants and food stamps:] I was disappointed that the Republican leadership insisted on deep cuts that had nothing to do with welfare reform, such as cuts in benefits for legal immigrants, especially children. Many Republicans around the country, including Gov. Bush, Mayor Giuliani, and Jack Kemp, share my view. So I hope that as we look for common ground in our efforts to balance the budget, we can find bipartisan consensus to soften some of these cuts that could never have passed on their own.

[NOTE: We should avoid being too specific about which cuts to restore or soften until the budget review is completed.]

WR
(Q&A)

Q&A Welfare Reform and the Budget

Q: How much money does the President's budget contain for welfare reform?

A: There are two sets of numbers for welfare reform in the President's budget: \$3.4 billion for the President's Welfare to Work Initiative and \$16 billion to improve areas of the welfare law the President indicated early on he would address.

Q: What is the Welfare to Work Initiative?

A: The President announced the welfare to work initiative last August during the Democratic Convention. The Welfare to Work Initiative, still in the design stage, would help move **hard-to-place** welfare recipients off of the welfare rolls and into work. The initiative would likely be two-part: 1) a performance-based welfare to work jobs challenge to help states and cities create job opportunities for the hardest to employ recipients, and 2) an enhanced and targeted Work Opportunity Tax Credit to provide the private sector with powerful and new financial incentives to hire the hard to place welfare recipients.

Q: If the President already passed his welfare bill, why does he need another new welfare to work program?

A: Passing the welfare law was an historic accomplishment that represents a significant step forward in social policy for this country. Further, we are already seeing results. The President recently announced that, since the beginning of his term, the welfare rolls have fallen by an unprecedented 2.1 million people. Most of this is due to the President's aggressive welfare waiver strategy and the new welfare law. However there is more work to do. Now that the welfare law has passed, we have to work tirelessly to ensure its success.

To truly succeed, states and localities need additional funds targeted specifically toward helping the hardest to place welfare recipients find jobs. The Welfare to Work initiative would provide funds to states that they could then leverage with existing welfare to work funds to move large numbers of hard to place recipients in the labor market.

Q: Which welfare law fixes will the President propose with the \$16 billion dollars he is putting into the budget?

A: Several provisions in last year's Personal Responsibility and Work Opportunities Act have nothing to do with the goals of welfare reform – putting people to work. Rather, there were misguided cuts in federal support to vulnerable populations, including the elderly and people with disabilities. To fix those problems, the President proposes changes to better protect children, people with disabilities, legal immigrants, and those who try to find work but cannot.

Specifically, the President proposes additional funds to improve the food stamp program, to revise the law to ensure equity in benefits for legal immigrants, and to reform Supplemental Security Income to better serve disabled children.

Q: What does the President propose to "fix" the Food Stamp problems?

A: The welfare law limited Food Stamps for able-bodied childless adults to three months of assistance in a 36-month period. This time limit does not reflect the reality that most Food Stamp recipients face -- that it takes time to find work. The President proposes to limit Food Stamps to six months out of 12, thus giving those out of work time to get back on their feet. He also proposes to restore Food Stamps to those who actively seek work but cannot find it and for whom the state does not provide workfare or training.

Further, the President proposes to make Food Stamp work requirements real by giving States new funding to support about 400,000 new work slots from 1998-2002, and by adding tough sanctions for those who are offered state jobs but refuse them. Finally, the President proposes to restore the link between benefits and rising living costs for Food Stamp recipients with especially high housing costs and raise the vehicle asset limit for Food Stamp recipients.

Q: How does the President plan to create equity in benefits for legal immigrants?

A: The President proposes to change the welfare law so that legal immigrants who become disabled after entering our country can receive the basic assistance offered by SSI and Medicaid. The President would also lengthen the exemption for refugees and asylees from five to seven years.

Q: How does the President plan to reform the SSI program?

A: The government will tighten SSI eligibility while allowing the most disabled children to retain their benefits. (Current law is not precise and could therefore hurt those who really need the benefits.) For children who lose their benefits under the new rules, the Administration will propose legislation to ensure that they still have access to Medicaid.



DEPARTMENT OF HEALTH & HUMAN SERVICES

(954) WR

Melissa T. Skolfield

Assistant Secretary for Public Affairs

Phone: (202) 690-7850 Fax: (202) 690-5673

To: Bruce Reed

Fax: 456-5557 Phone: 456-6515

Date: 1/24/97 Total number of pages sent: 6

Comments:

200 Independence Avenue, S.W., Bldg. HHH, Room 647-D, Washington, D.C. 20201

January 24, 1997

NOTE TO: Rahm Emanuel
Bruce Reed
Chris Jennings

FROM: Melissa Skolfield *ms*

Attached are the documents we discussed yesterday - an insert for the President's remarks at Tuesday's press conference, a fact sheet, some talking points, and some Q and As.

I do think this announcement would be a great way to continue the drumbeat of the President's message on Medicare and Medicaid -- and it would draw bipartisan praise. Let me know how you'd like to proceed.

*Thanks - let me know if
this is what you need.*

DRAFT

Managed Care and Medicare/Medicaid

Last week, I announced that we are moving halfway toward the Republicans in Congress on the critical issue of Medicare. I am determined that we can work together on a package of Medicare reforms that preserves the trust fund for a decade -- and we have a letter from the Medicare Actuary that confirms that. At the same time, we must modernize Medicare for the 21st century.

In the past four years, the number of Medicare beneficiaries who have voluntarily chosen to enroll in a managed health care plan has increased by more than 100 percent and that total is growing at a rate of 80,000 a month. At the same time, states have chosen to enroll many of their Medicaid beneficiaries in managed care plans as well. For most of these Americans, a move to managed care results in better coordinated medical care, greater emphasis on prevention, and better control over costs.

But while we undergo this change in health care coverage, it is critical that we also protect the rights of consumers. Last month, the Health Care Financing Administration notified managed care plans participating in Medicare that it is illegal to prohibit physicians from discussing all treatment options with their patients. These so-called gag rules are a violation of the doctor-patient relationship and I have asked the Congress to outlaw them for all health plans in this country.

Until that legislation is enacted, I will use the authority of the Federal government to protect as many Americans as possible. That is why, today, we are sending a letter to all 50 states informing them that gag rules have no place in the Medicaid program, which serves so many vulnerable, disabled and elderly Americans.

Taken together, our actions in Medicare and Medicaid offer protection to more than 18 million Americans enrolled in managed care.

DRAFT

PRESIDENT CLINTON BANS MEDICAID MANAGED CARE 'GAG RULES'

The Medicaid and Medicare programs have always worked to protect their beneficiaries and ensure access to high quality health care. As more and more of these beneficiaries move into managed health care plans, it is clear that new steps are needed to continue to meet the needs of these programs' beneficiaries.

President Clinton is today announcing another effort to assure quality and access to care for Medicaid beneficiaries in managed care plans. A letter is being sent to all state Medicaid directors explaining that federal law prohibits managed care plans from limiting what physicians can say to Medicaid beneficiaries about medically necessary treatment options. A similar letter went to all managed care plans serving Medicare beneficiaries last month.

BANNING 'GAG CLAUSES'

These letters are in response to concerns following media reports of "gag clauses" in some managed care contracts. These clauses prohibit physicians from telling patients about treatment options that are not covered by the plans. While there have been no reports of gag clauses or related problems in Medicaid or Medicare managed care plans, it is essential to take precautions to ensure that no such clauses ever exist because the potential negative ramifications are so great. Patients and physicians must have a free exchange of information.

President Clinton is committed to providing the same protections for Americans enrolled in managed care plans through the private sector. Congress will have to pass legislation to do so. A bill banning gag clauses was introduced in the last Congress but did not pass. It is expected that similar legislation will be introduced in this Congress. Signing such legislation into law is a Clinton Administration priority.

FEDERAL GOVERNMENT IS LEADING PURCHASER OF MANAGED CARE

There are now 13 million Medicaid beneficiaries and nearly 5 million Medicare beneficiaries enrolled in managed care plans. These 18 million people account for 12 percent of the approximately 150 million Americans in managed care. The Health Care Financing Administration, which runs the Medicare and Medicaid program, is the largest purchaser of managed care in the country. Therefore Clinton Administration policies in this arena are likely to have a major impact on the entire managed care industry and have benefits beyond the Medicare and Medicaid programs.

Several other Clinton Administration managed care initiatives will also likely impact the entire managed care industry. These include rules that limit on financial incentives for physicians, require faster decisions on appeals of denials of specific treatments, and mandate state-of-the-art member satisfaction surveys and measurement of plan performance.

DRAFT**TALKING POINTS ON MEDICAID GAG LETTER**

- 1) **The Clinton Administration is protecting Medicaid and Medicare beneficiaries in managed care.**

A letter was sent to state Medicaid directors making clear that federal law prohibits any managed care contract clauses which limit what physicians can say to Medicaid beneficiaries about medically necessary treatments. It urges states to review their Medicaid managed care plans to make sure that physicians' advise and counsel regarding medically necessary treatments are unrestricted. A similar letter was sent last month to all managed care plans that enroll Medicare beneficiaries.

- 2) **Patients must have access to full advice and counsel from their physicians.**

The Clinton Administration is committed to ensuring that patients and their doctors have a free exchange of information. No patient should be denied the information they need to make sound, informed decisions about their treatment.

- 3) **President Clinton supports legislation to ban all managed care "gag clauses."**

Current law allows the Administration to ban "gag clauses" only in the Medicare and Medicaid programs. Enacting federal legislation to provide such protection to all Americans enrolled in managed care plans is an Administration priority.

- 4) **This is only one of several Clinton Administration managed care patient protection initiatives.**

While the Medicare and Medicaid programs have always worked to protect beneficiaries in fee-for-service care, the massive shift toward managed care requires that several new protections be put into place. Other efforts, besides banning "gag clauses," undertaken by the Clinton Administration include:

- Halting "drive-through" deliveries in which new mothers are covered for only 24 hours of hospitalization after giving birth. President Clinton signed legislation requiring that new mothers be covered for at least 48 hours of hospital coverage after vaginal delivery, and 96 hours after a Cesarean section delivery.
- Limiting financial incentives that put physicians' income at "substantial risk" so that incentives to control costs do not curtail needed care.
- Helping beneficiaries make informed choices. Plans are now required to follow strict marketing guidelines, to report state-of-the-art measurement of their performance, and to conduct member satisfaction surveys. These efforts will help make sure beneficiaries get all the information they need to compare plans and understand their options.
- Strengthening rights of beneficiaries to appeal managed care plan decisions to deny specific treatments. Tough new rules will be proposed in the coming weeks so that reviews of such denials are done quickly.

###

DRAFT

MEDICAID GAG LETTER Qs & As

Why are you issuing this letter?

There has been much concern following media reports that some managed care plans restrict physicians from discussing treatment options that are not covered by the plan. Federal law requires that Medicaid beneficiaries in managed care plans have access to the same services available to those in the traditional fee-for-service program. Fee-for-service physicians are not restricted in what they tell patients about treatment options. Therefore managed care plans may not restrict what physicians say to Medicaid beneficiaries about treatment options. This letter was sent to directors of state Medicaid programs that contract with managed care plans to urge them to review all managed care contracts, procedures and policies to make sure that they include no restrictions on what physicians can say to Medicaid beneficiaries.

Have these "gag clauses" caused problems for beneficiaries?

We have no reports to date that any Medicaid managed contracts have included illegal gag clauses. This letter was issued out of an abundance of caution because the implications of such gag clauses are so serious.

When does the ban on gag clauses take effect?

They have always been illegal for plans serving Medicaid populations. The letter was issued to make unequivocally clear that such clauses are illegal, and to urge state Medicaid directors to take steps to ensure that the law is being followed.

Does this let physicians tell patients about financial incentives in their managed care contracts?

No. This only involves discussion of medical treatment. However, new rules implemented by the Clinton Administration this January require managed care plans to disclose information about their physician incentives to Medicare and Medicaid beneficiaries upon request.

Why did you have to send a separate letter saying the same thing to Medicare plans?

Medicare managed care plans contract directly with the federal government. Ensuring that their contracts do not violate law is a federal responsibility. Medicaid plans contract with state governments. State Medicaid directors are primarily responsible for ensuring that their contracts, policies and procedures comply with federal law.

Why aren't you banning gag clauses in the private sector?

Congress must pass federal legislation to do so. Such legislation was introduced in the last Congress but was not passed. Enacting such legislation is a Clinton Administration priority.

###

WR
(Q&A)



DEPARTMENT OF HEALTH & HUMAN SERVICES

Melissa T. Skolfield

Assistant Secretary for Public Affairs

Phone: (202) 690-7850

Fax: (202) 690-5673

To: Bruce Reed

Fax: 456-2878 Phone: 456-6515

Date: 1/30 Total number of pages sent: Cover + 4

Comments:

Draft Q+A on guidance.

1/30/97

NOTE TO BRUCE:

Here are draft Q & As on the guidance. Please call me or Toby with your comments as soon as possible. I will need to use them for my call to Robert, between 2 and 3 p.m.

Thank you.

Melissa

DRAFT

QUESTIONS AND ANSWERS ON GUIDANCE

Q What message are you sending states?

A We are giving states the flexibility and creativity they need to develop programs. At the same time we are telling states that we hope ~~and will hold them to expect them to uphold~~ the central goal of welfare reform: moving people from welfare to work.

Q What is the legal basis for your telling the states how to spend their dollars?

A Over the past months, Federal and state agencies have been engaged in the massive process of implementing the new welfare law. We have resolved many issues and answered many questions that the states have had, and many are still being resolved. The question here is how to implement the law's requirement that states must continue to spend some of their own dollars to help families

Under the statute, states must maintain either 75% or 80% of their 1994 state spending level under the old AFDC and related programs. The guidance clarifies for the states the legal interpretations as to whom the states provide support or "eligible families," what types of support they provide or "assistance" and what state dollars count to meet the statute's requirement for that maintenance-of-effort. The legal reading intends that states use their dollars for needy families as they define them and that assistance whether in direct cash or other non-cash supports keep the statute's aim to move people from welfare to work. Within that general direction, states have the flexibility in the use of their dollars which will count toward their maintenance-of-effort requirement.

The guidance defines "assistance" with federal dollars more strictly. The administration wants to insure that federal support is being used to further more specific work and work related activities.

If states exceed their federal block grant allocations, they can obtain additional federal funds from the contingency fund in the statute. However, the administration reads the Congressional intent for this provision as for states to draw those funds, they will have to spend 100% of their 1994 spending level dollars on families that meet the federal TANF requirements.

Q Why are you drawing the definition of assistance so tight?

A We are committed to the fundamental goal of this historic welfare reform which is to require people to work. And, the statute gives us the authority to do so.

Q Will states be allowed to spend their funds for services like transportation subsidies, one-time grants to families to avoid receiving welfare, subsidized child care or parenting classes toward fulfilling their maintenance of effort requirements?

A Yes, states may use their funds those and a variety of other services, as long as the family has a child and is needy according to the state income standards in its TANF program. These funds will count toward the 75% or 80% maintenance-of-effort requirement. They will not be able to use state funds for those purposes to meet the contingency fund maintenance-of-effort requirement.

small work effort

- Q Under your guidance, will states have to force grandmothers to work in order to receive assistance?
- A No. States will have the option to place grandparents in a state-funded program and not subject them to federal work requirements. Assistance provided to them will count toward the state's 75/80% maintenance-of-effort requirement, but not the 100%.
- Q What about the time limit? Will states be able to provide assistance with state dollars after five years?
- A Yes. In the statute, Congress prohibited only the expenditure of federal funds for families beyond the five year limit. The Clinton administration is also serious about time limiting assistance so that welfare truly becomes a transitional program.
- Q Will states be able to provide assistance to legal immigrants who are in the country after August 22, 1996?
- A Yes. States will be able to use state funds for legal immigrant families who arrive in the country after August 22nd. HHS submitted a technical correction to the statute, based on Congressional intent, that fixes an error which goes along with the interpretation in the guidance of the use of state dollars. The combination of these two efforts will enable states to use their dollars for legal immigrants which will count toward the 75/80% maintenance-of-effort requirement.
- Q How will you make sure that states that states are upholding the central goal of welfare reform: moving people from welfare to work?
- A We are confident that the states will use the flexibility in this new law and this guidance to strengthen the focus on work, not evade it. However, we will use all the means at our disposal and new ones if we need them to insure that states make welfare reform real by requiring work and moving families to self-sufficiency. We will do this in several ways: by the stricter definitions of federal assistance and requirements for states to access the contingency fund; by imposing fair but tough penalties by denying good cause to states who fail to require work participation rates; by thoroughly and carefully collecting data on how states are using their dollars to insure that they don't undermine the mission of work and to deny bonuses for successes. As we closely monitor the state's implementation, we will share the good and the bad with Congress and the American people to judge how state's are faithfully reforming welfare.
- Q How will you make sure states don't retain what would be federal share of child support collections?
- A We will closely monitor the actions states take with regard to child support collections through the data information we gather. If states act irresponsibly, we will inform the Congress and work to solve the problem.
- Q Are you going beyond your authority with this guidance?
- A No.
- Q Aren't you stifling state creativity?
- A No. We are assuring the balance of state flexibility and accountability to the fundamental objection of welfare reform to move people into work.
- Q Is this the final word on this issue?

NO

Add
Seek
legis fix w
Congress
re work
reqs

A No. The guidance today provides an initial thorough analysis and direction for states on these key elements of the statute to give states the help they need for their immediate decision-making. However, states and others will have the opportunity to comment on these issues again during the formal rule-making process.

WR - Q+A

Welfare Reform Q&A
Tuesday, February 20, 1996

Hearings on the NGA welfare reform proposal begin today in the Human Resources subcommittee of the House Ways and Means Committee. Full committee hearings will take place in both the House and Senate next week. Today's hearing will include testimony from Govs. John Engler and Tom Carper as well as experts and advocates; the Administration is not testifying. Secretary Shalala will testify on both welfare reform and Medicaid before the Senate Finance Committee on February 28.

Q. Does the Administration support the governors' welfare reform proposal?

A. The NGA proposal was an important step toward real bipartisan reform, for two reasons. First, the governors' resolution reinforces what the President has said all along -- that the conference report he vetoed fell short of real welfare reform, and must be improved. Second, the NGA expressed bipartisan support for many of the same improvements the Administration has long advocated to promote work and protect children -- such as more money for child care, a better contingency fund, a substantial performance bonus, and reductions in budget cuts that have little connection to reform. The Administration continues to have serious concerns about other important issues -- especially maintenance-of-effort, Food Stamps, and benefits for legal immigrants.

Q. Would the President sign the NGA proposal in its current form?

A. We'll have to wait and see what Congress does in translating the NGA resolution into legislation. We're going to continue to work on a bipartisan basis to achieve the best possible bill, and we're not going to close the door to further improvements by engaging in that kind of speculation. But as the President said in his speech to the NGA, we applaud the governors for the bipartisan spirit of their proposal. If Congress acts in that same bipartisan spirit, we will see real reform. As the President challenged Congress in the State of the Union, "Send me a bipartisan welfare reform bill that will really move people from welfare to work and do the right thing by our children. I will sign it immediately."

Q. The President supported the Senate bill, which block granted AFDC. With the right improvements, he appears willing to support the NGA block grant proposal. But the Administration's FY97 budget maintains the individual entitlement. Which is it?

A. The President's main priorities are promoting work and protecting children. That means imposing work requirements and time limits so that no one who is able to work can stay on welfare forever, and providing the child care that is essential to enforce tough work requirements. It means rewarding states for moving people from welfare to work and requiring states to maintain their own financial stake in welfare reform. And it means providing protections for states and children in the event of economic downturn. Those are the key issues that must be addressed in reforming our broken welfare system.

Q: What do you think of Senator Moynihan's welfare reform proposal?

A: There are many things in Senator Moynihan's bill that I like, and I believe that similarities within the Democratic proposals show how strong a consensus there is on what real welfare reform is all about: requiring work, and giving states the resources they need to move people from the welfare rolls onto private payrolls. Senator Moynihan and I have worked on this issue together for years, and I hope that his leadership will help us create a strong bipartisan welfare reform plan in the coming weeks.

Q: Does Senator Moynihan's attendance today mean that he supports the Democratic Leadership bill?

A: I hope that Senator Moynihan will support the Democratic Leadership bill. I know that Senator Moynihan and Senator Daschle have had recent discussions on welfare reform, and that they continue to work together on this issue. Both of the Democratic alternative bills are vast improvements over the Senate Finance bill. They both focus on work, and both they give states the resources and the incentives they need to get the job done.

Q: Last night, you presented a balanced budget proposal that includes cuts in entitlement programs. But today, you're endorsing a welfare reform bill that increases funding for child care and other types of assistance for the poor. Isn't there an inconsistency here?

A: No, there isn't. The Daschle bill, like my balanced budget plan, cuts welfare spending in some areas, and reinvests those savings in job training, child care, and work -- investments we need to move people off of welfare and into jobs. The welfare cuts in my proposal are less than half of those proposed under the Republican plans. And they're in line with those in Senator Daschle's bill -- which invests in supports like child care and still reduces the deficit. The American people deserve a government that spends their money wisely, and that reflects the core American values of work and responsibility -- and my approach to balancing the budget and creating real welfare reform meet these fundamental goals. We can have welfare reform, we can balance the budget, we can shrink the government and still be faithful to our fundamental responsibilities to our children and our future. We can do it all, do it right, and take this country to the next century in good shape.

6/13

NOTE TO BRUCE REED --

Here's a first draft of the materials Kathy McKiernan requested for McCurry. Could you please get any suggestions to me or Amy? Thanks.

Melissa

DRAFT

"Work First" Welfare Reform Plan

On June 14, 1995, President Clinton meets with Senators Daschle, Breaux, and Mikulski to endorse "Work First," a Democratic alternative to the Senate Finance welfare reform bill. "Work First" is similar in every respect to the President's principles for welfare reform in that it includes all of the elements that are necessary to move young parents into the work force. It also promotes parental responsibility, protects children, strengthens child support enforcement and gives states the flexibility and the tools they need to succeed. Senators Daschle, Breaux, Mikulski, and others have worked hard on the "Work First" proposal, and the President hopes it will lead to a bipartisan agreement on real welfare reform.

"Ending Welfare As We Know It"

The Democratic leadership plan will dramatically change the current welfare system through:

- **Temporary Employment Assistance:** The Democratic plan replaces Aid to Families with Dependent Children (AFDC) with Temporary Employment Assistance (TEA), time-limited conditional assistance for poor families with children.
- **Contract for Self-Sufficiency:** In order to receive assistance, all recipients must sign a Parent Empowerment Contract -- similar to the personal employability plan included in the President's Work and Responsibility Act -- spelling out an individualized plan to move from welfare to work as quickly as possible.
- **Changing the Culture of the Welfare Office:** Like the President's plan, the Democratic alternative seeks to change the culture of the welfare office by turning welfare offices into employment offices. From day one, all recipients will be required to look for work and accept a job that's offered. Recipients who fail to live up to their contract will see their benefits reduced or eliminated.

Emphasizing Work

The Democratic leadership plan emphasizes work by providing states with the resources they need to help recipients move into the workforce -- and stay there: ~~As Senator Breaux said~~

- **Time Limiting Assistance:** The new TEA program will be time-limited. After two years of receiving TEA, if an adult recipient is not working, states will be required to offer workfare or a community service job. No family may receive assistance for more than five years, except in limited circumstances.
- **Creating Employment Opportunities:** "Work First" focuses on job creation and employment in the private sector by allowing states to build on existing models and provide various services such as wage subsidies, on-the-job training, and microenterprise development.
- **Providing Child Care and Health Care:** To provide incentives for people to move from welfare to self-sufficiency, the "Work First" plan provides child care and health care assistance for welfare recipients moving to work and working families struggling to stay off the welfare rolls.

State Flexibility

Under the Work First plan, states would be given the resources to emphasize work, including:

- **Flexibility:** The "Work First" plan gives states an unprecedented amount of flexibility to set their own rules and design their own programs.
- **Resources:** The "Work First" block grant provides states with the funds they need to move people from welfare to work. Federal funding and the Federal match rate would be increased.
- **Performance Bonus:** The President and the Democratic leadership agree that states should be rewarded for putting people on private payrolls, not for simply cutting them from the welfare rolls. The "Work First" program includes a performance bonus for states that exceed job-placement targets -- and penalties for those who do not.

Parental Responsibility

The Democratic alternative promotes parental responsibility by strengthening child support enforcement and focusing on young people, through the following provisions:

- **Child Support Enforcement:** Recognizing that child support enforcement is an integral part of welfare reform, the Democratic leadership plan contains tough child support enforcement measures to encourage both parents to meet their responsibilities. Absent parents who owe child support may choose to enter into a repayment plan with the state or, choose between a community service job or jail. In addition, states would have the option to provide job placement services to absent parents who agree to meet their child support obligation once they are employed.
- **Teen parents:** Like President Clinton's proposal, the Democratic plan sends a strong message to the next generation that having children is an immense responsibility, rather than an easy route to independence. Teen parents would be required to stay in school, live at home, and prepare for work in order to receive assistance.
- **Teen Pregnancy Prevention:** The number of children born to unwed teenagers has risen sharply in recent years. The Democratic plan addresses this problem by including grants to states for the design and implementation of teen pregnancy prevention programs.

WELFARE REFORM Q AND A

June 13, 1995

Q: Are you standing by your call to have welfare reform legislation on your desk by July 4? Is this still a realistic deadline?

A: Yes, I think that both parties in Congress can and should act together to create real, bipartisan welfare reform legislation by July 4 -- Independence Day. Senators Daschle, Breaux, Mikulski, and others have put forward a welfare reform proposal that requires work, encourages parental responsibility, increases state flexibility, and sends a strong message to the next generation that they should not have children until they are ready to care for them. This is a bold welfare reform proposal that should lead to a strong bipartisan compromise on welfare reform legislation in the coming weeks.

Q: Are you endorsing the Democratic Leadership bill? Is this now effectively the Administration's own welfare reform proposal?

A: The Democratic Leadership have put forward a bold plan to end the current welfare system and replace it with a new, transitional program focused on work. I am strongly supportive of this bill, which contains many of the provisions I included in my own welfare reform proposal last year. The Leadership bill contains real work requirements to ensure that welfare recipients are moving toward self-sufficiency from day one. And it provides the resources for child care, job training, and work that states need to get the job done. In addition, the Leadership bill contains all the tough child support enforcement measures I proposed, and it includes my bill's requirement that teen parents stay in school, live at home, and prepare for work. Senators Daschle, Breaux, Mikulski, and others have worked hard on this proposal, and I hope it will lead to a bipartisan agreement on real welfare reform.

Q: With the Administration and the Senate Finance proposals still so far apart, do you really think there's hope for finding middle ground on welfare reform?

A: Absolutely. One example of how we've already found important common ground is on the issue of child support enforcement. The "silver lining" in the House legislation was its inclusion of all the tough child support enforcement measures we proposed in our own bill -- Democrats and Republicans worked together to make sure these provisions were in the final House bill. And I believe that Senator Dole and Senator Daschle could use that agreement to sit down in the coming days and find real common ground on the remaining aspects of welfare reform. After all, last year Senators Dole, Gramm, Brown, and Packwood sponsored a good bill that was very similar to my own proposal: Both bills had the same fundamental goal: to move people from welfare to work -- and keep them there.

Q: What about the Senate Finance bill? Would you veto it as it stands?

A: As I've said all along, I would veto the House-passed welfare reform legislation, because it is weak on work and tough on kids. The Senate Finance bill took a step in the right direction by eliminating the more punitive provisions in the House legislation -- such as the ban on aid to teen mothers and their children -- but it still has a long way to go on what should be the centerpiece of real welfare reform: work. In order to end welfare as we know it, states must have the necessary resources for child care, job training, and work in order to get the job done. State bureaucracies should be rewarded for getting people to work -- not for cutting people from the rolls. Welfare recipients must move toward work from day one. And time limits must make clear to welfare recipients and caseworkers that welfare is a bridge to self-sufficiency, not a way of life. I feel confident that the Democratic Leadership bill, which meets these fundamental requirements, can lead to bipartisan legislation that is truly about ending welfare as we know it.

Q: The Democratic Leadership bill retains the AFDC entitlement, while the Senate Finance bill does not -- where do you stand on the entitlement issue? Would you veto a bill that ends the entitlement to welfare benefits?

A: As I've said before, I wasn't elected to pile up a stack of vetoes. But I've always expressed real concern about the idea of block granting welfare programs -- Food Stamps in particular -- and giving them to the states with less money. Although I want to give states a lot of flexibility, we won't really have welfare reform or state flexibility if Congress just gives states more burdens and fewer resources. Again, our test of any bill will be simple: it should be tough on work, not on innocent children. That means, in part, that states should also be protected in the event of population growth, an economic downturn, a natural disaster, or another unpredictable emergency.

Q: Anonymous White House and Administration officials have recently hinted that you would veto a bill that did not guarantee benefits for children. Where do you stand right now on a welfare reform veto?

A: These officials are just reiterating what I've said many times: I would veto the legislation passed by the House of Representatives if it reached my desk in its current form. My requirements for welfare reform are simple and clear. I want a bill that includes real work requirements; that rewards states for moving people from welfare to work; that doesn't punish children for their parents' mistakes; that requires personal responsibility of both mothers and fathers; and that contains tough child support enforcement provisions to ensure that parents aren't allowed to walk away from their obligations. The House bill fails that test.

Q: What do you think of Senator Moynihan's welfare reform proposal?

A: There are many things in Senator Moynihan's bill that I like, and I believe that similarities within the Democratic proposals show how strong a consensus there is on what real welfare reform is all about: requiring work, and giving states the resources they need to move people from the welfare rolls onto private payrolls. Senator Moynihan and I have worked on this issue together for years, and I hope that his leadership will help us create a strong bipartisan welfare reform plan in the coming weeks.

Q: Why isn't Senator Moynihan here today? Does he support the Democratic Leadership bill?

A: I understand that Senator Moynihan had a scheduling conflict today and was unable to attend the meeting. But I know that Senator Moynihan and Senator Daschle have had recent discussions on welfare reform, and that they continue to work together on this issue. Both of the Democratic alternative bills are vast improvements over the Senate Finance bill. They both focus on work, and both they give states the resources and the incentives they need to get the job done.

WR-Q&A

**Welfare Reform
Q&A
5.21.96**

Drug Testing

What Senator Dole talked about today, the Clinton Administration is already doing. The Clinton Administration has already given several states welfare reform waivers to test innovative ways to combat drug abuse -- including drug testing, substance abuse screening, mandatory drug treatment, and tough sanctions. The President's welfare reform plan, the Work First and Personal Responsibility Act of 1996, would give states the option to implement drug testing for welfare recipients.

Statutory Rape

The Administration welcomes Senator Dole's support for a proposal put forward by one of the President's leading advisers on teen pregnancy issues, Kathleen Sylvester of the Progressive Policy Institute. The Administration strongly supports Ms. Sylvester's call for states to crack down on enforcement of statutory rape laws. In the May-June 1996 issue of *The New Democrat*, Ms. Sylvester points out that among mothers between the ages of 15 and 17, more than half had babies by men over 20.

A number of states are already taking steps to promote enforcement of laws on the books or to increase penalties -- including California, Delaware, and Florida. Assemblyman Louis Caldera, a DLC member in California, introduced the first legislation, which was later taken up by Gov. Pete Wilson.

The President has also endorsed another PPI proposal to create "second-chance homes" where teen mothers who come from unstable or abusive households can get the support they need for their children. These measures are an important component of a much larger effort to demand responsibility from all fathers -- including the Administration's tough child support enforcement proposals which Senator Dole and both houses of Congress have supported.

Five-Year Time Limit

The Administration strongly supports this provision, which is another area of bipartisan consensus. Every member of this Congress -- Democrat and Republican, House and Senate -- has voted for five-year lifetime limit on welfare benefits. All the major welfare reform proposals have included this provision, including the House- and Senate-passed welfare reform bills; the House Democratic alternative; the Daschle-Breaux-Mikulski Senate Democratic alternative; the Breaux-Chafee and Castle-Tanner welfare reform proposals; and the President's bill, the Work First and Personal Responsibility Act of 1996.

WR-Q+A



DEPARTMENT OF HEALTH & HUMAN SERVICES

Amy Busch

Special Assistant in Public Affairs

Phone: (202) 690-6889 Fax: (202) 690-5673

To: Bruce Reed

Fax: 456-5557 Phone: _____

Date: 5/24 Total number of pages sent: _____

Comments:

I drafted a couple of
q/as on the latest
issues —

Please let me know
if you have any comments

—
Thanks
Amy

Welfare Reform Questions and Answers

5/24/96

Q: In Wisconsin this week, the President said that he would sign the Dole welfare reform bill -- was he serious?

A: As the President said this week, we've come a long way towards reaching consensus on welfare reform. This week, Senator Dole outlined a welfare reform proposal that reflects the President's own goals for welfare reform -- time-limited assistance, tough child support enforcement, more responsibility for teen mothers, no welfare benefits for illegal immigrants, and more flexibility for states to reform welfare on their own. As the President has said, it's time to get the job done. If Congress passes a bill that requires work, promotes responsibility, and protects children -- and is not polluted by any "poison pills" -- the President will sign it in a minute.

Q: How about the House Republican welfare reform bill -- would the President sign that?

A: The Administration is pleased that the House Republicans have made changes to the flawed conference bill -- their actions were further indication that the President was right to veto that bill, which did little to move people from welfare to work and made deep cuts in programs for disabled, hungry, and abused children. While we're pleased that House Republicans have adopted several of the NGA's recommendations on welfare reform -- including additional child care resources -- we still have some concerns. The House bill still makes deep cuts in Food Stamps, eliminates child care health and safety standards, and ends assistance for legal immigrants. And, most importantly, the House welfare reform bill still contains the "poison pill" of ending guaranteed Medicaid coverage for pregnant women, disabled children, and the elderly. As the President has said, if Congress sends him a clean welfare reform bill that requires work, promotes parental responsibility, and protects children, he will sign it in a minute.

Q: Massachusetts is resubmitting its original waiver for a two-year time limit on welfare benefits, now that the President has indicated support of Wisconsin's time-limited welfare reform plan. Will the Administration approve the same request that it previously turned down?

A: We have not yet received a waiver request from Massachusetts. However, if the state sends us a waiver that's as good as Wisconsin's -- one that provides work for welfare recipients, guarantees child care and health care, and protects children -- we'll work with the state to get it done. We've already given 27 states the green light to time-limit assistance.

Q: Governor Carleson of Minnesota is threatening to implement his welfare reform proposal without the Administration's permission, if HHS does not act quickly on the state's pending waiver request. The Governor says his requested time limit is nearly identical to Wisconsin's. What's the Administration's response?

A: We're currently reviewing Minnesota's waiver request and working with the state to iron out the details. As you know, the President committed to the nation's governors that his Administration would do everything in its power to approve their waiver requests within 120 days. Minnesota's request has been before us for about 60 days, and we're working with the state to get it done.

If a state sends us a waiver that's as good as Wisconsin's -- one that provides work for welfare recipients, guarantees child care and health care, and protects children -- we'll work with the state to get it done.

Q: Senator Bond submitted a bill yesterday that would approve the Wisconsin welfare reform waiver, in an effort to show that the President is all talk and no action. What's the Administration's response?

A: As the President has said, Wisconsin has proposed a bold plan to replace the welfare system with one that is based on work. The Department is working with that state on its proposal and will publish a summary of the request in the Federal Register, followed by a 30-day comment period, as we always do. We've already granted three waivers to the state. As the President has said, we're committed to helping Wisconsin create a new vision of welfare that's based on work, that protects children, and that does right by working people and their families.

Response to U.S. News and World Report, 6/3/96 Issue

WR-Q+A

Claim

"Only 13 percent of AFDC adults participated in any education, training or work programs in a typical month, up a hair from 12 percent in 1993."

Response

- o The number of total adult Job Opportunities and Basic Skills (JOBS) participants increased 17 percent from 1992 to 1994, from about 510,000 to 600,000 in an average month. In 1995, the average number of total adult JOBS participants was about 650,000 -- an increase of more than 27 percent over 1992. (The number of total adult recipients participating in JOBS increased from 11.6 percent in 1992 to 12.9 percent in 1994 and about 14 percent in 1995).

Claim

"At present, less than 1 in 100 AFDC parents toils each month in exchange for a relief check, a number that has remained constant since Clinton came to office."

Response

- o Again, 650,000 adult AFDC recipients participated in education, training, or work programs in an average month in 1995 -- up from 510,000 in 1992. That means that about 14 percent, or about 1 in 7 adult AFDC recipients participated in education, training, or work programs in an average month. (NOTE: The 1 in 100 number cited seems to refer to CWEP, the workfare component of jobs. Work is one activity, along with education and on-the-job-training, that the JOBS program requires to help welfare recipients move towards self-sufficiency).
- o In addition, nearly one in ten AFDC adults are reported to be working in a regular job each month.

Claim

"Thanks largely to an improved economy, the number of Americans on AFDC -- 12.8 million -- was 9 percent lower in January than three years earlier."

Response

- o While the strong economy and policies such as the expansion of the EITC under President Clinton are undoubtedly major factors in the welfare caseload reduction, no previous economic-driven decrease in AFDC approaches the sustained and significant size of the current decrease. The Clinton Administration has approved an unprecedented number of welfare waivers -- more than the previous two administrations combined. These waivers are giving states the flexibility they need to reform their own welfare systems and help move people from welfare to work.
- o Over the last 24 months, the AFDC rolls have declined by almost 10 percent. The most recent prior sustained decline was the 15-month period between April 1987 and July 1988, during which the decline was just over 3 percent.

Claim

"Many of the [61] waivers are for modest reforms, such as allowing recipients to keep more earned income before their welfare checks are reduced."

Response

- o The Clinton Administration has approved 61 waivers for 38 states -- these waivers include time-limits, work requirements, incentives for work, increased parental responsibility, and stronger child support enforcement provisions.
- o The Clinton Administration has approved waivers for 31 states to expand earned income disregards to encourage work and promote self-sufficiency -- 29 of these states have combined them with tougher work requirements, tougher sanctions and/or time limits in a comprehensive reform package.

Claim

"According to a soon-to-be-released study by the Center for Law and Social Policy (CLASP), HHS has authorized 11 states to run statewide programs with full-family cash-aid cutoffs and two more states' applications are pending."

Response

- o Twenty-seven states have received waivers from the Clinton Administration to time-limit assistance -- 20 of these are statewide. (All but four of the twenty could include a full-family cutoff).

Claim

"With the exception of Chicago, none of the nation's 10 largest cities is in a full-family time-limit state -- and the new CLASP report indicates that 91 percent of AFDC recipients in Illinois are exempt from the time-limits because they apply there only to families whose youngest children is 13 or older."

- o Illinois has the most narrowly targeted of any state time limit. States such as Ohio and Texas (with two top ten urban areas) have received waivers to implement statewide, or near-statewide, time limits combined with tougher work and parental responsibility requirements.

Claim

"Other states provide narrower exemptions and extensions than Illinois, but still have protective loopholes. One of the biggest: HHS has insisted that no state can remove a family from the AFDC rolls if the mother has complied with program rules and failed to find a job despite her best efforts."

Response

- o Extensions are not loopholes, but are based on simple fairness -- people who play by the rules, and are simply unable to find work, should not be penalized. If individuals don't look for work, accept job offers, refuse training or quit jobs, they will be sanctioned and ineligible for extensions.



DATE: 6/10/96

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES
200 INDEPENDENCE AVE., SW
WASHINGTON, D.C. 20201

WR-Q+A

PHONE: (202) 690-7627

FAX: (202) 690-7380

OFFICE OF THE ASSISTANT SECRETARY FOR LEGISLATION
ROOM 416-G HUMPHREY BUILDING

FROM:

TO : Bruce Reed

OFFICE : White House

PHONE NO : _____

FAX NO : 456-5557

TOTAL PAGES
(INCLUDING COVER): _____

[] RICHARD J. TARPLIN

HELEN MATHIS

[] KEVIN BURKE

[] SANDI EUBANKS BROWN

[] ROSE CLEMENT LUSI

[] STEPHANIE WILSON

[] HAZEL FARMER

REMARKS:

Bruce -- Rich asked me to fax the attached
to you. We would like to put in Secretary's
briefing book ~~in preparation for~~ ^{you} Senate Finance
We need clearance by 12 noon tomorrow.
Thanks Helen

Additional Questions and Answers for DES testimony before the Senate Finance Committee

Q: The Clinton Administration has said that the NGA proposal is unacceptable in its current form. Is the new Republican bill more acceptable?

A: We are pleased that the new Republican bill includes an additional \$4 billion in federal funds for child care, requires 100 percent state maintenance of effort in order to access additional child care funds, and maintains current law child care health and safety requirements. We are also pleased that the new Republican bill maintains the foster care and adoption entitlement, protects child nutrition programs, includes a \$2 billion contingency fund with 100 percent maintenance of effort requirement, and contains strong child support provisions. All of these are important changes we have called for from the start.

However, the new Republican bill falls short in several areas. Under the new Republican bill, Federal spending for poor families and children would be cut by \$53 billion -- \$10 billion more than in the NGA bill. The new Republican bill also cuts twice as much from the social services block grant as the NGA plan did, and prohibits states from providing vouchers and non-cash assistance for children whose families have reached the time limit. The bill also includes a family cap with a state opt-out provision, which is opposed by the NGA. In addition, the Administration has serious concerns about the new Republican bill's provisions on immigrants, SSI, and Food Stamps.

We will continue to work with Congress and the Governors in a bipartisan fashion to achieve nation welfare reform that accomplishes our goals: requiring work, promoting parental responsibility, and protecting children. We are encouraged by a number of bipartisan welfare proposals, including the Breaux-Chafee and Castle-Tanner bills. We believe that these bipartisan proposals could form the basis of a national welfare reform bill.

Q: If Congress sends the President a bill that links welfare and Medicaid, will he sign it?

A: As the President has said from the start, we must preserve the guarantee of quality health care for poor children and families. Guaranteed medical coverage is essential to moving people from welfare to work, as some single mothers stay on the rolls because they will lose medical coverage for their children if they move into jobs without health benefits.

The President wants real welfare reform that's tough on work, not tough on children. The single greatest obstacle to achieving bipartisan welfare reform is the Republican's insistence on linking it to a Medicaid bill that would eliminate guaranteed health care coverage for millions of women and children. As the President has repeatedly said, if Congress sends him a clean welfare reform bill that requires work, promotes parental responsibility, and protects children, he will sign it right away.

Q: The Washington Post wrote on June 7, 1996 that the Clinton Administration would likely veto an immigration bill if it would allow states to deny free public education to illegal immigrant children. Does this mean that the Administration doesn't really support tightening immigrant eligibility for government funded programs?

A: The Administration opposes any broad, categorical denial of public benefits to *legal* immigrants. While we agree that immigration reform is necessary and that illegal immigrants should not receive welfare benefits, we do not support policies which would remove illegal immigrants' children from public schools. Even former President George Bush agrees. "We have to control our borders," Bush said in a speech on June 3 to the National Association of Mortgage Brokers. "We have to do a better job to ensure our laws are being followed. But you don't have to do it with a bitterness that takes a little 7-year-old kid out of school...and shoves him back across the bridge dividing our country."

At the same time, we believe sponsors should be held responsible and we strongly endorse extending the deeming period for SSI, AFDC, and Food Stamps, and making the affidavit of support legally binding.



DEPARTMENT OF HEALTH & HUMAN SERVICES

WR
A+A

Melissa T. Skolfield

Assistant Secretary for Public Affairs

Phone: (202) 690-7850

Fax: (202) 690-5673

To: Bruce Reed

Fax: 4506-5557 Phone: _____

Date: 6/18 Total number of pages sent: _____

Comments:

3 additional q/a's -
Melissa wanted your
comments before
they go to WH press
office at 11:30

Thanks
Amy

**Child Support Executive Action
Additional Questions and Answers**

Question:

Why haven't you already done this?

Answer:

We didn't do this earlier because we wanted a bipartisan welfare reform bill that included the President's comprehensive child support enforcement proposals: streamlined paternity establishment and stricter cooperation requirements; a national new hire reporting system; uniform interstate child support laws; computerized state-wide collections to speed up payments; and tough new penalties, such as drivers' license revocation. We still want a bipartisan welfare reform bill that contains these tough measures, which would increase child support collections by an additional \$24 billion and reduce federal welfare costs by \$4 billion over the next 10 years.

Question:

If child support is so important, why don't you support passing a bill separately?

Answer:

We still want a national, bipartisan welfare reform bill with the tough child support enforcement measures the President has called for from the start, and we hope Congress will get the job done. However, as the President said last week, "if for some reason we cannot reach agreement on welfare reform this year -- and I still hope we can -- I believe we ought to pass these provisions that 100 percent of us agree on so that we can do more to hold people accountable for the children they bring in the world and help these kids get the money they need and help their parents get the money they need to do a good job in raising their children."

Question:

How do you know that all 25 states will participate in the new hire program?

Answer:

Already, we have confirmed that Washington and Florida will sign up, although the program was just announced. This program has such obvious advantages to states that we believe all states will want to participate.

WR-Q+A

Questions and Answers on Welfare Reform
June 26, 1996

- Q: CLASP has just released a study on states that have received waivers to time-limit assistance. Are time limits essential to move people from welfare to work?
- A: Time limits have always been at the heart of President Clinton's welfare reform proposals. We're proud of our record. We've granted more than 60 waivers to 40 different states, and all of them are demonstrations aimed at rewarding work over welfare. Time limits, work requirements, child care, and financial incentives to reward work, are all designed to make welfare a transitional system.
- Q: The CLASP report says that, prior to the 1994 elections, states mainly requested time limits that required work after a certain period, while requests after the 1994 elections have primarily sought to cut people off. Is the Administration trying to prove through these waivers that it's tougher than the Republicans on welfare?
- A: The Administration has always supported time limits as part of welfare reform. We've granted more than 60 waivers to 40 different states, and all of them are demonstrations aimed at rewarding work over welfare. Time limits, work requirements, child care, and financial incentives to reward work, are all designed to make welfare a transitional system leading to self-sufficiency.
- Q: Today, the Senate plans to follow the House's recent action and move to approve the Wisconsin waiver. What's the Administration's position on Congress approving the Wisconsin waiver request?
- A: As we've said before, there's no need for Congress to take action on the Wisconsin waiver. HHS is working with the state on the waiver, and they're going to get it done.
- Q: What's the hold-up?
- A: This is the most complicated waiver request we've received to date. As with any waiver request, we will be reviewing the comments we receive during the 30-day comment period, and working through a number of issues with state officials. We've approved more than 60 welfare waivers now and we've always worked things out.
- Q: Does the Administration plan to approve the waiver or not?
- A: As we've said all along, we hope to approve the waiver after HHS completes its normal

review process, which includes a 30-day comment period. As Leon Panetta said on "Meet the Press," the chances are very good that we can approve the waiver fairly quickly.

Q: The Wisconsin waiver request explicitly says that there will be no entitlement to health care. How can the Administration approve this, when you've consistently defended the Medicaid entitlement?

A: There must be a guarantee of Medicaid coverage, but based on Governor Thompson's previous statements, we assume that he plans to provide Medicaid to all single women who need it in order to get off welfare and go to work. He has said, and we agree, that there are several things you have to do get people off welfare, and the first one is to provide medical coverage for children and for the mothers.

Q: Are you going to approve the Wisconsin waiver as it was submitted?

A: As with any waiver request, we will be reviewing the comments we receive during the 30-day comment period, and working through a number of issues with state officials. There is always a certain amount of give and take in this process, but we've approved more than 60 welfare waivers now and we've always worked things out.

Q: What about the worker displacement (child care co-payment) issue? Aren't there legal problems involved here?

A: Unlike the Bush Administration, we've never had an approved waiver thrown out by the courts, and we work hard to avoid any possible constitutional problems. Our goal is to reform welfare, not to fill court dockets.

6/26

Bruce and Rahm --

Here is a new set of Q and As, with a new section on the poverty analysis. I need to send this to McCurry and Haas ASAP, so please let me know if you want any edits to the new section.

Thanks.

Melissa

Questions and Answers on Welfare Reform
June 26, 1996

WR-Q+A

CLASP STUDY ON TIME-LIMIT WAIVERS

- Q: CLASP has just released a study on states that have received waivers to time-limit assistance. Are time limits essential to moving people from welfare to work?
- A: Time limits have always been at the heart of President Clinton's welfare reform proposals. We're proud of our record. We've granted more than 60 waivers to 40 different states, and all of them are demonstrations aimed at rewarding work over welfare. Time limits, work requirements, child care, and financial incentives to reward work, are all designed to make welfare a transitional system.
- Q: The CLASP report says that, prior to the 1994 elections, states mainly requested time limits that required work after a certain period, while requests after the 1994 elections have primarily sought to cut people off. Is the Administration trying to prove through these waivers that it's tougher than the Republicans on welfare?
- A: The Administration has always supported time limits as part of welfare reform. We've granted more than 60 waivers to 40 different states, and all of them are demonstrations aimed at rewarding work over welfare. Time limits, work requirements, child care, and financial incentives to reward work, are all designed to make welfare a transitional system leading to self-sufficiency.

WISCONSIN WAIVER

- Q: Today, the Senate Finance Committee plans to follow the House's recent action and move to approve the Wisconsin waiver. What's the Administration's position on Congress approving the Wisconsin waiver request?
- A: As we've said before, there's no need for Congress to take action on the Wisconsin waiver. HHS is working with the state on the waiver, and they're going to get it done.
- Q: What's the hold-up?
- A: This is the most complicated waiver request we've received to date. As with any waiver request, we will be reviewing the comments we receive during the 30-day comment period, and working through a number of issues with state officials. We've approved more than 60 welfare waivers now and we've always worked things out.

Q: Does the Administration plan to approve the waiver or not?

A: As we've said all along, we hope to approve the waiver after HHS completes its normal review process, which includes a 30-day comment period. As Leon Panetta said on "Meet the Press," the chances are very good that we can approve the waiver fairly quickly.

Q: The Wisconsin waiver request explicitly says that there will be no entitlement to health care. How can the Administration approve this, when you've consistently defended the Medicaid entitlement?

A: There must be a guarantee of Medicaid coverage, but based on Governor Thompson's previous statements, we assume that he plans to provide Medicaid to all single women who need it in order to get off welfare and go to work. He has said, and we agree, that there are several things you have to do get people off welfare, and the first one is to provide medical coverage for children and for the mothers.

Q: Are you going to approve the Wisconsin waiver as it was submitted?

A: As with any waiver request, we will be reviewing the comments we receive during the 30-day comment period, and working through a number of issues with state officials. There is always a certain amount of give and take in this process, but we've approved more than 60 welfare waivers now and we've always worked things out.

Q: What about the worker displacement (child care co-payment) issue? Aren't there legal problems involved here?

A: Unlike the Bush Administration, we've never had an approved waiver thrown out by the courts, and we work hard to avoid any possible constitutional problems. Our goal is to reform welfare, not to fill court dockets.

POVERTY STUDY

Q: The New York Times wrote that, although Senator Moynihan has requested an analysis from the White House on how many children would be thrown into poverty under the Republican welfare bill, the Administration has failed to respond. Is it true that OMB hasn't even been asked to prepare an answer?

A: No it is not. OMB has now completed its response to Senator Moynihan's request, and I understand that his office has already received it.

Q: Senator Moynihan has complained that the OMB letter he received today is unresponsive, since it doesn't recalculate the effect on children of this year's welfare reform bill. Why didn't OMB do the analysis he asked for?

A: As OMB's letter to Senator Moynihan states, they believe another analysis of the welfare bill introduced by Congressman Archer and Senator Roth is unnecessary, since it is ~~is~~ somewhat similar to the legislation the President vetoed last year. It's also now somewhat of a moving target, since the legislation the Senate Finance Committee is working on today is much improved from the bill that was passed by the House Ways and Means Committee last week.

But the important point is that the Administration strongly believes that the path off welfare and out of poverty is through work and parental responsibility. We continue to urge Congress to send us a welfare reform bill that includes work requirements, time limits, and adequate child care -- without the "poison pill" of unacceptable Medicaid changes. Work is the core of our approach, and no poverty analysis will ever be able to fully reflect the value of work in ending the cycle of poverty.

Q: But will you eventually do a full-blown analysis for Senator Moynihan?

A: Again the bill is somewhat of a moving target, with further improvements still possible in the Senate Finance Committee today, and again when the legislation reaches the full House and Senate. So OMB has not decided if and when to do another full-blown analysis.

But let me stress again that the Administration strongly believes that the path off welfare and out of poverty is through work and parental responsibility. That is the core of our approach, and no poverty analysis will ever be able to fully reflect the value of work in ending the cycle of poverty.

Q. The President says you are close to an agreement on welfare reform. Is this true?

A. He was briefed by the Governors this morning, but we are not there yet. There is a broad bipartisan agreement among the Governors that the Conference Report the President vetoed fell short in moving people from welfare to work and protecting kids.

This is what the President has always said. His fundamental principles have always been moving people to work, protecting kids and demanding responsibility. We are not there yet, but there is a bipartisan effort underway to really address these problems.

Although it remains to be seen in other issues, on Medicaid and Welfare the President's vetoes have brought bipartisan common sense among Governors about how to seriously address these issues. We may still have differences, but the Governors and the President agree that what was sent here by the Congress did not meet the standard for good welfare reform.

TABLE OF CONTENTS

WR - Q+A

ADDITIONAL WELFARE QUESTIONS

FIVE YEAR TIME LIMIT	1
POTUS ACCEPTANCE OF SENATE WELFARE BILL	2
EXEMPTION FOR HARDSHIP CASES	3
CHILD CARE - STATE MATCH AND MOE	4
HOW DOES CHILD PROTECTION BLOCK GRANT WORK?	5
OPTIONAL FOOD STAMP BLOCK GRANT	6
CHILD SUPPORT SERVICES FOR NATIVE AMERICAN POPULATIONS	7

FIVE-YEAR TIME LIMIT

QUESTION:

I understand that HHS estimates that a five-year time limit would deny assistance to 2.8 million children. Are you aware of this estimate? And if yes, how can you possibly support a five-year time limit?

ANSWER:

- ▶ First, let's be clear about what that number is. My department was asked to estimate the number of children who would eventually be affected by a five-year time limit, using current behavioral assumptions about the current AFDC caseload. That is a strictly numerical exercise, and the answer is approximately 2.8 million children, using the revised CBO baseline. (That is slightly less than our previously released estimate of 3.3 million.)
- ▶ However, that number probably will not accurately reflect what would happen when a five-year time limit is combined with other welfare reforms, such as increased child care, a part-time work option for young mothers, and a performance bonus to reward states for moving welfare recipients into public sector jobs.
- ▶ As you know, every major welfare reform bill now has a five-year time limit -- including the Daschle bill, the Democratic alternative in the House of Representatives, the Administration's bill, and the NGA proposal. Like a lot of proposals, the devil's in the details. We support combining a five-year time limit with other provisions designed to protect children, such as vouchers for children whose parents reach the time limit, and an adequate hardship exemption policy.

BACKGROUND:

You may also want to mention the importance of the EITC, as a way to keep the 70 percent of welfare recipients who now leave the rolls in less than two years off welfare permanently. If pressed on protections for children, you may want to say more on the importance of maintaining the child welfare system.

POTUS ACCEPTANCE OF SENATE WELFARE BILL

QUESTION:

Would the President accept the Senate welfare bill if Congress sent it to him?

ANSWER:

- As you know, Senator, the Senate bill was certainly a strong improvement over the flawed House bill. It included many provisions that the Administration called for from the start: personal responsibility contracts for recipients; requirements that states continue to invest their own funds in a work-oriented welfare system; and all of the tough child support enforcement provisions proposed by the Administration last year. The Senate bill also eliminated the punitive provisions in the House bill -- such as the ban on aid to teen mothers and the mandatory family cap. In addition, unlike the House bill, the Senate bill preserved the national commitment to child welfare and child nutrition programs -- ensuring that children are protected no matter where they live.
- ▶ But, the Administration wants to go forwards, not backwards on welfare reform -- that means crafting a truly bipartisan welfare-reform bill that will end welfare as we know it. The NGA resolution has made some improvements over the Senate bill that we're pleased with, particularly in the areas of child care funding, the performance bonus, the contingency fund, and provisions for fair and equitable treatment of recipients. We're optimistic that it can be done.

EXEMPTION FOR HARDSHIP CASES

QUESTION:

If even a 20 percent caseload exemption for hardship cases would deny assistance to 2.8 million children, how can you support such a policy?

ANSWER:

- ▶ First, let me note that we prefer an exemption policy based on certain hardship categories, such as battered women, women with a disability, and women caring for a disabled child. We believe this is a better approach than exempting a set percentage of the caseload.
- ▶ However, we are willing to work with Congress on developing an alternative policy. We support the 20 percent exemption passed by the Senate and supported by the NGA as an alternative to the 15 percent exemption in the conference bill. This is also an area that could be amended by Congress in future years.

CHILD CARE -- STATE MATCH AND MOE

QUESTION: How does the NGA proposal address state maintenance of effort and matching funds for child care? How will this impact the adequacy of child care services?

ANSWER:

- ▶ The governors clearly recognized the importance of child care to the success of welfare reform, and we applaud them for proposing to add \$ 4 billion to the conference agreement in this critical area. However, we understand that the NGA does not intend to apply to these additional funds the Senate and conference bill requirements that states maintain 100 percent of their 1994 child care funding and match at FMAP if they are to receive new federal mandatory child care funds. As a result, we are concerned that in the extreme instance a state may simply use these additional federal funds to replace current state spending for child care -- rather than using the funds for the additional child care services that will help more families move from welfare to work.

- ▶ While additional child care resources are extremely important, we believe that final welfare reform legislation should incorporate the child care maintenance of effort and matching provisions contained in the Senate and conference bills.

HOW DOES CHILD PROTECTION BLOCK GRANT WORK?

QUESTION: How would the NGA's proposed child protection block grant actually work?

ANSWER:

- ▶ As you know, the NGA welfare reform proposal is a general one, and we too have many questions about how its child protection provisions actually would work. Would abused and neglected children be fully protected? Would children who have been abused, neglected or abandoned remain fully entitled to foster care or adoption assistance? Would states improve upon the less than satisfactory manner in which they have administered child protection programs to date? Would promising new prevention efforts be continued or would funds be channeled to immediate crises?
- ▶ We simply do not believe that we should take risks with the lives and well-being of our nation's most vulnerable children at the same time that we are making major changes in the welfare system.

OPTIONAL FOOD STAMP BLOCK GRANT

QUESTION:

The NGA proposal has an optional Food Stamp block grant for states -- How do you feel about that?

ANSWER:

- ▶ As you know, my department doesn't run the Food Stamp program, and I would defer to Secretary Glickman to answer this question in greater detail. However, I can state that the Administration is opposed to an optional Food Stamp block grant for several reasons. This program serves as the ultimate nutritional safety net for our poorest children, and block-granting it would eliminate the program's ability to respond to economic changes, end national eligibility and benefit standards, and ultimately divert support away from food assistance.

- ▶ The Administration agrees that we can and should find savings under food stamps -- and we have proposed \$20.6 billion in savings under our seven-year budget proposal. But we believe that block-granting food stamps would do little to reward work, and would simply make many poor children hungry.

CHILD SUPPORT SERVICES FOR NATIVE AMERICAN POPULATIONS

QUESTION:

What is the Office of Child Support Enforcement doing to target the special needs of the Native American populations needing child support services?

ANSWER:

- ▶ The delivery of child support enforcement services under title IV-D of the Social Security Act lies with the states and their local political instrumentalities. However, on most Indian reservations the jurisdiction of state law is limited, constraining state attempts to provide child support services on Tribal lands.
- ▶ In response, the Office of Child Support Enforcement (OCSE) actively encourages states and Tribes to cooperate in resolving jurisdictional barriers in order to address the long-standing problem of inadequate support enforcement services for Native Americans. Our Regional Offices work with representatives of the states and Tribes to design cooperative agreements aimed at providing support services on Tribal lands and some progress can be reported.
- ▶ In 1994, the Navajo Nation and the State of New Mexico signed a cooperative agreement for the opening of two child support offices on Tribal lands, and Tribal members have been hired and trained to staff each office. The Navajo Nation Council of the Navajo Nation shortly thereafter enacted a comprehensive child support enforcement statute designed to conform to title IV-D requirements.
- ▶ In addition, a staff position was been added to OCSE to function as a liaison responsible for building relationships with the broader Native American community and for strengthening the links between the child support community and Native American populations needing program services. The specialist, working closely with our Regional Offices and State programs will be invaluable in establishing systemic responses critical for a proactive approach to child support enforcement.
- ▶ While we believe that current authority to for cooperative arrangements between states and federally-recognized Indian Tribes can work to ensure the support rights of Native American children are protected, we would be happy to work with the Congress on this issue.

INDIAN SPECIAL GRANTS

QUESTION:

The NGA proposal provides States with special, 100 percent Federal grant funds to pay for the Medicaid cost of American Indians on the grounds that they are Federal, rather than State responsibilities. What do you think of this approach?

ANSWER:

- ▶ While I appreciate the efforts of the NGA to address this important issue, I do have concerns about this proposal.
- ▶ The NGA Medicaid proposal could be read to limit funding available to Indian health providers to a set amount. When read concurrently with a February NGA resolution on IHS, it appears that Indian health providers might no longer be eligible for Medicaid reimbursement.
- ▶ If this is the approach of the NGA it fails to recognize the dual rights of Indian citizens -- their right, under trust responsibilities to benefits promised under treaties and their right, if eligible, to Medicaid services. I hope this is not what NGA intended.
- ▶ In comparison, the Administration maintains both rights for Indians: the guarantee to Medicaid for eligible Native American individuals and the right of eligible Indian health care providers to bill Medicaid.

BACKGROUND:

- ▶ The NGA Medicaid proposal creates a federally-financed fund to provide care to Native Americans or fund IHS facilities. Presumably, the fund is capped.
- ▶ Before passing the NGA Medicaid proposal, the NGA passed an IHS resolution. The resolution requires the federal government to finance all IHS and related care. The proposal also suggests that Indian health providers would not longer be eligible for Medicaid reimbursements.
- ▶ When combined, the NGA Medicaid proposal and the IHS resolution can be read to limit funding available to Indian health providers and limit eligibility for Indian health providers Medicaid reimbursement.
- ▶ The Administration proposal includes a special program for Native Americans which lies outside the per capita cap. All IHS facilities, as well as other tribally related facilities will be guaranteed federal funding.

Sen. Dem Caucus 2-27-96

- Lessons:
- 1) Budget deal - unlikely into Dole
 - 2) smaller package - W. the district, tax - acceptable to Gov. G. signed for Dole against
 - 3) Approps deal - 96-97 - 1 bill - mandatory savings to pay for add on

DPM: Not since Reconstruction have we done something like this to black people
5m - 2x as many blacks
[Mosley Brown applause]

TABLE OF CONTENTS

WR Q+A

WELFARE QUESTIONS

WELFARE AS AN ENTITLEMENT

DIFFERENCE BETWEEN HEALTH AND WELFARE ENTITLEMENT

POVERTY IMPACT

PRIMARY PROBLEMS WITH NGA PROPOSAL

STRENGTHS OF NGA PROPOSAL

WORK PROGRAM

CONTINGENCY FUND

BUDGETARY IMPACT

ADMINISTRATION SUPPORT

CHILD WELFARE

ILLEGITIMACY AND TEEN PREGNANCY

IMMIGRANTS

IMMIGRANT ELIGIBILITY

CHILD SUPPORT ENFORCEMENT

BLOCK GRANTS AS POLICY

BLOCK GRANTS POLICY – FOLLOW-UP

BLOCK GRANTS AS A FUNDING MECHANISM

CHILD CARE FUNDING

QUALITY OF CHILD CARE

SUPPLEMENTAL SECURITY INCOME

MEDICAID LINK

NEED FOR FEDERAL PROTECTIONS

CONSTITUTIONAL DUE PROCESS PROTECTIONS

MINIMUM REQUISITES OF A FAIR AND EQUITABLE PROGRAM

WHY INCLUDE IN STATE PLAN REQUIREMENTS

WHY PROCEDURAL PROTECTIONS ARE ESSENTIAL

RACE TO THE BOTTOM

WHY ISN'T THE SENATE BILL GOOD ENOUGH?

WAIVERS

VETO OF WELFARE CONFERENCE BILL

NATIONAL REFORM VS. WAIVERS

OVERALL GOALS

OBJECTIONS TO NGA PROPOSAL

STATUS OF PENDING WELFARE REFORM DEMONSTRATIONS - FLORIDA PROPOSAL

**STATUS OF PENDING WELFARE REFORM
DEMONSTRATIONS - ILLINOIS PROPOSAL**

**STATUS OF PENDING WELFARE REFORM
DEMONSTRATIONS - IOWA PROPOSAL**

**STATUS OF PENDING WELFARE REFORM
DEMONSTRATIONS - KANSAS PROPOSAL**

**STATUS OF PENDING WELFARE REFORM
DEMONSTRATIONS - OKLAHOMA PROPOSAL**

**STATUS OF PENDING WELFARE REFORM
DEMONSTRATIONS - TEXAS PROPOSAL**

**STATUS OF PENDING WELFARE REFORM
DEMONSTRATIONS - UTAH PROPOSAL**

CUBAN/HAITIAN ENTRANTS

WELFARE AS AN ENTITLEMENT

QUESTION:

What is the Administration's position on the welfare entitlement?

ANSWER:

- ▶ This Administration supports reforming welfare the right way, through a reform plan that is strong on work and family responsibility, but does not punish children.
- ▶ Our preference has always been a conditional entitlement - it is in our own legislation, it was in the Daschle bill which we endorsed, and it's still our preference.
- ▶ What we have to have is a basic safety net for children. That's why protecting foster care and child welfare programs is very important, and why we want to maintain a basic nutritional safety net through food stamps. We also need to have protections for states and poor families in case of recession, and we're pleased that the NGA proposal includes a contingency fund for states, which when combined with adequate maintenance of effort will ensure that states have the resources they need to require work and protect children.
- ▶ In addition, we believe help should not be given out on a first-come, first-served basis; a lottery; or, worse yet, based on some bureaucratic process which determines when money is available and when it is not.

DIFFERENCE BETWEEN HEALTH AND WELFARE ENTITLEMENT

QUESTION:

Why does the Administration defend a guarantee of health benefits for the poor, but drop its insistence that welfare also remain an entitlement?

ANSWER:

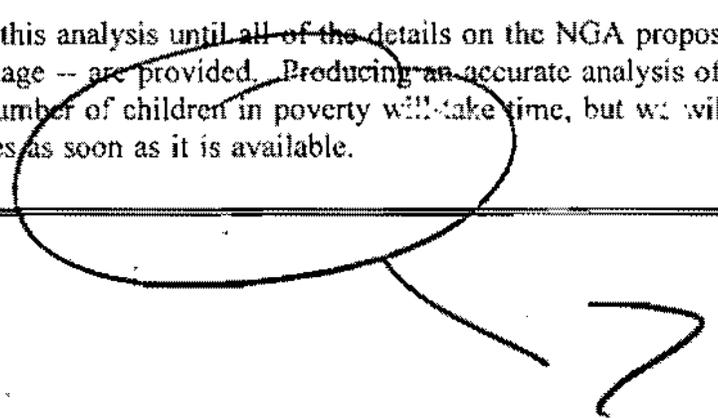
- ▶ Our preference has always been a conditional entitlement - it is in our own legislation, it was in the Daschle bill which we endorsed, and it's still our preference.
- ▶ What we have to have is basic safety net for children. That's why protecting foster care and child welfare programs is very important, and why we want to maintain a basic nutritional safety net through food stamps. We also need to have protections for states and poor families in case of recession, and we're pleased that the NGA proposal includes a contingency fund for states, which when combined with adequate maintenance of effort will ensure that states have the resources they need to require work and protect children.
- ▶ Having said that, welfare and Medicaid are fundamentally different programs, with vastly different goals for reform.
- ▶ Nearly everyone agrees that our welfare system is broken and must be fixed. Under welfare reform, our primary goals are to move people from welfare to work, promote parental responsibility, and protect children. That's why we've insisted at a minimum on a contingency fund that will protect states and families in times of recession and a requirement that states continue to invest in a work-oriented welfare system. Ensuring equitable treatment, as in the NGA proposal, may be one way to ensure these fundamental protections.
- ▶ Medicaid, by contrast, is a program that already meets its primary goal: providing basic health insurance to the poor and disabled. Our main objective in Medicaid reform is containing costs and making sure states have flexibility in administration. Our proposals must be designed to meet those goals, while still guaranteeing health care coverage to the most vulnerable among us.

POVERTY IMPACT

QUESTION:

Your Department has produced estimates of the impact of House and Senate welfare bills on poverty. An Administration study last November found that the Senate welfare bill would push 1.2 million children below the poverty line and the House welfare bill would push 2.1 million children below the poverty line. How many children would the NGA Proposal push into poverty? When can the Administration provide such an answer?

ANSWER:

- ▶ We will not be able to conduct this analysis until all of the details on the NGA proposal -- particularly the legislative language -- are provided. Producing an accurate analysis of the effects of the proposal on the number of children in poverty will take time, but we will provide it to all interested parties as soon as it is available.
- 

OBJECTIONS TO NGA PROPOSAL

QUESTION:

What are your main objections to the NGA proposal and why?

ANSWER:

- ▶ Overall, the NGA proposal is a substantial improvement over the flawed Conference bill, which the President vetoed. The NGA proposal improves on the conference bill by providing more child care funding, a better contingency fund, a substantial performance bonus for states, an optional family cap for states, and protections for disabled children. In addition, it takes the Administration's approach of requiring unmarried minor parents to live at home and stay in school in order to receive assistance, and it contains all of the tough Administration-backed child support enforcement provisions.
- ▶ However, we are concerned about the effect of the NGA proposal on the federal-state partnership in this area. The Administration continues to have serious concerns about the optional child welfare and food stamp block grants in the NGA proposal. In addition, the proposal would also block grant administrative costs for school lunches. As we've said from the start, real welfare reform must promote work and protect children, not be used as a cover for budget cuts at the expense of our poorest children. It must also require accountability of states, so we prefer the Senate bill's approach on maintenance of effort. We'll continue to work with the governors and Congress to resolve these issues and enact real bipartisan welfare reform that gets the job done.

BACKGROUND:

It is important that welfare reform maintain a federal-state partnership. This partnership is severely weakened by the NGA proposal.

- ▶ Compared to current law, the NGA proposal allows states to dramatically reduce -- by approximately \$58 billion -- the resources it commits to poor families and children. It ends the federal-state matching structure of welfare programs, which is how this partnership is maintained under current law.

NO

OBJECTIONS TO NGA PROPOSAL, CONTINUED

- ▶ Unlike the Senate bill, it allows states to **transfer 30 percent** of the cash assistance block grant for services other than assistance for needy families (e.g. the social services block grant). The transferability provision might force poor families to compete with other, more politically powerful constituencies for cash assistance block grant dollars.
- ▶ Unlike the Senate bill, the NGA proposal does not require states to **maintain 100 percent of their FY 1994 spending** to draw down contingency fund dollars.
- ▶ In the event of a national economic downturn, even a **\$2 billion contingency fund** might be exhausted quite rapidly. During the last recession, for example, AFDC benefit payments rose from \$17.2 billion in 1989 to \$21.9 billion in 1992 -- \$4.7 billion over 3 years. A provision should be added to the bill allowing States to draw down matching dollars during a national recession even if the \$2 billion in the contingency fund had been expended.
- ▶ It does not require a **State match or even a maintenance of the FY 1994 level of State effort to draw down the new \$4 billion pool of federal funding for child care.**
- ▶ It allows states to establish a **Food Stamp block grant**, effectively ending the federal-state partnership for nutrition assistance. If many states took advantage of this option, the nation's nutritional safety net could be seriously undermined.
- ▶ The **maintenance of effort** standard is set at 75 percent, as opposed to 80 percent in the Senate bill and 90 percent in the Breaux amendment supported by the Administration. In addition, the definition of spending that counts toward the maintenance of effort standard is too broad -- states can count spending on child welfare, juvenile justice, and other sources if they had previously drawn down Emergency Assistance funds for such purposes.
- ▶ The proposal makes no provision for federal oversight of state plans or program audits within federal guidelines to ensure accountability for federal taxpayers.

OBJECTIONS TO NGA PROPOSAL, CONTINUED

The NGA proposal does not provide adequate protections for children.

- ▶ The NGA proposal does not provide adequate protections for children. The proposal would give states the option to block grant foster care, adoption assistance, and independent living assistance which could jeopardize the **guarantee of assistance for abused and neglected children.**
- ▶ The proposal would not preserve **medical assistance coverage** for those currently eligible, especially mothers (non-pregnant) and teenage children.
- ▶ It does not include provisions **protecting the health and safety of children in child care.**
- ▶ The proposal provides no **child care guarantees** to individuals who are participating in work or training programs or those who have left welfare for work.
- ▶ The proposal does not guarantee individual protections. It explicitly ends the **individual entitlement** to assistance.
- ▶ The proposal neither supports nor opposes the immigrant provision included in the underlying Conference bill.

STRENGTHS OF NGA PROPOSAL

QUESTION:

The unanimous support the NGA proposal received from governors indicates that it must have some positive value. What do you think are the principal strengths of the NGA proposal?

ANSWER:

The primary strength of the NGA agreement is that it begins to address the resource needs of states in implementing rigorous national reform. For example:

- ▶ The proposal provides \$4 billion in new federal money for child care.
- ▶ The work requirements are more feasible and less costly -- the number of hours required in work activities is reduced from 35 to 25 (from the Senate bill) and job readiness and job search are included as work activities.
- ▶ The performance bonus is a separate funding stream rather than a set-aside from the block grant, as in the Senate bill.
- ▶ The contingency fund is increased by \$1 billion and includes a trigger based on the number of children receiving food stamps.
- ▶ NGA recognized to a limited degree the notion that state eligibility criteria should be equitable and objective.
- ▶ The proposal allows mothers with pre-school age children to work part-time.
- ▶ The family cap is truly optional for states.

WORK PROGRAM

QUESTION:

Does the NGA proposal require recipients to go to work? Does it provide states with the resources needed to move recipients from welfare to work?

ANSWER:

- ▶ The Governors suggested a number of modifications to the work requirements in the welfare reform conference agreement, including (1) counting those who have left welfare for employment as participating for purposes of the work requirement; (2) reducing the required hours of participation to 25 after 1999; (3) giving States the option of limiting the hours to 20 for parents of children under 6; and (4) allowing job search and job readiness to count as work activities for up to 12 weeks (up from 4 weeks in the conference bill).
- ▶ The Administration supports each of these recommendations:
- ▶ The effect, however, of counting those who have left welfare for work (while leaving the participation rates unchanged from the conference report) is to reduce the number of recipients enrolled in work activities, relative to both the conference report and the Senate bill.
- ▶ This problem can be addressed by making relatively modest changes to the work requirements in the proposal; we look forward to bipartisan discussions on this issue.

BACKGROUND:

- ▶ We think publicly attacking the work program in the NGA proposal as "weak" will lead the debate in the wrong direction. Our concerns about the relatively small number of recipients in work activities (workfare and subsidized employment) can be better addressed through consultation with Republican staff.

CONTINGENCY FUND

QUESTION:

The Governors' proposal adds \$1 billion to the contingency fund and makes it available to States with rising food stamp caseloads, as well as those with high unemployment. Isn't that enough? What more could be needed?

ANSWER:

- ▶ We are very pleased that the NGA proposal would add \$1 billion to the contingency fund and include a trigger based on food stamp receipt, which is preferable to the unemployment rate as a measure of economic need among low-income families. Both of these steps would represent improvements to the contingency fund in the conference agreement.
- ▶ The NGA proposal, unfortunately, would also eliminate the requirement that States meet their full 1994 level of effort in order to be eligible for the contingency fund. This would allow a State to draw down additional Federal dollars while actually reducing its own contribution to the family assistance program.
- ▶ We also have to consider whether the NGA agreement fully enables states to deal with a national economic downturn. For example, during the last recession, benefit payments rose from \$17.2 billion in 1989 to \$21.9 billion in 1992 -- \$4.7 billion over 3 years.
- ▶ We need to have a full bipartisan discussion involving the Administration, the Congress, and the governors to assess the potential demands on a contingency fund in various circumstances. None of us want a scenario in which states are forced to drop families from the rolls during recessions, when need would be the greatest.

BUDGETARY IMPACT

QUESTION:

A preliminary guesstimate by CBO suggests that the NGA proposal would save about \$40 billion over seven years--about the same as the Administration's most recent plan. Given that, what is standing in the way of agreement on a welfare bill?

ANSWER:

- ▶ Welfare reform is not, as you know, primarily a question of Federal budget savings. The goal of a welfare reform bill must be to help families move from welfare to work while maintaining the safety net for poor children. The Administration has a number of very serious concerns about the NGA proposal that are separate from the issue of the budgetary impact.
- ▶ It is important that welfare reform maintain a federal-state partnership. This partnership is severely weakened by the NGA proposal.
- ▶ Compared to current law, the NGA proposal allows states to dramatically reduce the resources it commits to poor families and children. It ends the federal-state matching structure of welfare programs, which is how this partnership is maintained under current law.
- ▶ Unlike the Senate bill, it allows states to **transfer 30 percent** of the cash assistance block grant for services other than assistance for needy families (e.g. the social services block grant). The transferability provision might force poor families to compete with other, more politically powerful constituencies for cash assistance block grant dollars.
- ▶ Unlike the Senate bill, the NGA proposal does not require states to **maintain 100 percent of their FY 1994 spending** to draw down contingency fund dollars.
- ▶ In the event of a national economic downturn, even a \$2 billion **contingency fund** might be exhausted quite rapidly. During the last recession, for example, AFDC benefit payments rose from \$17.2 billion in 1989 to \$21.9 billion in 1992 -- \$4.7 billion over 3 years. A provision should be added to the bill allowing States to draw down matching dollars during a national recession even if the \$2 billion in the contingency fund had been expended.
- ▶ **It does not require a State match or even a full maintenance of the FY 1994 level of State effort to draw down the new \$4 billion pool of federal funding for child care.**
- ▶ We hope that these problems can be addressed in Congress in the same spirit of bipartisanship displayed by the Governors.

ADMINISTRATION SUPPORT

QUESTION:

In his speech to the NGA, President Clinton seemed to imply that he would endorse this proposal now that additional child care resources have been put in. Would you recommend to the President that he sign this if it were passed by Congress?

ANSWER:

- ▶ President Clinton and I applaud the bipartisan work of the Governors in developing the NGA proposal. However, it's premature to make any recommendations at this point on the NGA proposal. We still need to see the details of the proposal in order to evaluate whether or not the proposal meets the President's requirements for real reform.
- ▶ We are very pleased to see that the proposal calls for an additional \$4 billion in new federal funds for child care, that the contingency fund is increased by \$1 billion and it includes a food stamp trigger, and that there is recognition that state eligibility criteria have to be equitable and objective. The proposal also makes the work requirements more feasible and less costly for states, creates a separate funding stream for the performance bonus, permits mothers with pre-school age children to work part-time, encourages parental responsibility through teen parent provisions and strong child support enforcement measures, and makes the family cap a state option.
- ▶ However, the NGA resolution still needs improvement in several important areas. The Administration continues to have serious concerns about NGA provisions for child welfare, food stamps, school lunch, and child care health and safety standards. We also have a concern about the potential for states to withdraw substantial sums from programs serving low-income children and their families and changing the basis of the federal/state partnership. And we're concerned about protections for individual families from arbitrary bureaucratic actions. We'll continue to work with the governors and Congress to resolve these issues and create a real, bipartisan welfare reform bill that gets the job done.

CHILD WELFARE

QUESTION:

Child welfare systems around the nation are a mess. The number of reports of abuse is rising. The number of children in foster care is rising. The NGA proposal makes important changes by reducing red tape and giving states the flexibility they need to improve their systems. Why does the Administration continue to insist on maintaining the status quo in this area?

ANSWER:

- ▶ The Administration strongly supports the Senate bill's approach to maintain current services in this area. It is true that child welfare systems in the states are in trouble, but we are concerned the governors' proposal might not improve the system. There are several reasons for our concerns.
- ▶ Abused and neglected children in need of foster care and adoption are one of our most vulnerable populations. In light of this, we are very concerned about substantial changes in the child protection safety net at a time of dramatic change in the welfare and Medicaid systems. Under the governors' proposal, it is unclear how the individual guarantee to foster care and adoption assistance benefits would be maintained if states choose to convert funds to a capped entitlement block grant. States might have difficulty serving their children when caseloads grow unexpectedly in a particular year but block grant levels remain fixed.
- ▶ Second, the governors' proposal is silent concerning enforcement of national minimum standards now in place to protect children in the child welfare system. Weakening these protections will not help states solve the problems facing their child welfare systems.
- ▶ Third, the governors' proposal may cost the federal government considerably more than current law. Under the optional capped entitlement for adoption and foster care maintenance, states may be expected to choose whichever option would maximize the Federal funds flowing to them. CBO's preliminary analysis indicated that this provision could cost up to \$2 billion.

CHILD WELFARE, CONTINUED

- ▶ Fourth, prevention efforts are likely to suffer. In a system that includes no targeted prevention or independent living funding, crisis-driven decision-making often depletes these efforts. States will have to respond to immediate protection needs, and longer term needs of children and families may be deferred.
- ▶ Finally, this proposal would eliminate the national leadership in child welfare research and innovation. The child protection block grant proposal would completely eliminate national funding for research on child abuse and neglect and child welfare services, federal funds to test innovative practices, and federal efforts to provide technical assistance to states and communities regarding what works in this field.

ILLEGITIMACY AND TEEN PREGNANCY

QUESTION:

Some people claim that the NGA proposal would fail to reduce out-of-wedlock and teen births, because it would continue to give assistance to teen mothers. How do you respond to that?

ANSWER:

- ▶ We believe that denying assistance to teen mothers just doesn't make sense. Our approach to welfare reform, like the governors' approach, would take strong action to address the problem of teen pregnancy, but would not give up on teenage parents and their children. We would require teen mothers to live at home with their parents, identify their child's father, finish high school, and work in order to become good role models and providers for their children.
- ▶ The governors' proposal also makes the family cap optional for states -- unlike the Conference bill, which mandated a family cap unless the state legislatures voted to opt out of it. We believe that states should have more flexibility, not less under welfare reform, and that they shouldn't be constrained by conservative mandates.
- ▶ However, the governors' proposal contains an "illegitimacy ratio," which would give states a financial incentive linked to abortion rates. While the Administration believes that we must reduce out-of-wedlock childbearing, we do not support the use of an "illegitimacy ratio." Welfare reform should not become entangled in the politics of abortion.

IMMIGRANTS

QUESTION:

What does the Administration plan to do to cut back on the amount of welfare going to immigrants?

ANSWER:

- ▶ We strongly believe that sponsors must be responsible for those immigrants they agree to sponsor, and that the current definition of which immigrants are eligible for the major welfare programs needs to be tightened. We oppose arbitrary bans on eligibility.
- ▶ Therefore we have proposed to increase the sponsor deeming period under SSI, AFDC, and Food Stamps to until the sponsored immigrant becomes a naturalized citizen, and to make the affidavit of support signed by sponsors legally binding.
- ▶ We also have proposed to limit immigrant eligibility for SSI, AFDC, Food Stamps and Medicaid to specific immigration statuses listed in statute, rather than base such eligibility on the currently vague reference to immigrants "permanently residing in the U.S. under color of law"--or PRUCOL.
- ▶ These policies strike a reasonable balance between ensuring that legal immigrants are self-sufficient, while maintaining family reunification as the foundation of our immigration policy and making sure that legal immigrants who are truly in need are not left without a federal safety net.

BACKGROUND:

We oppose deeming under Medicaid because: (1) there would be adverse public health impacts; and (2) there is no practical way for sponsors to meet this obligation, because individual health insurance policies are often unavailable, and when available are usually unaffordable for all but the wealthiest individuals.

Expanding deeming and eligibility rules beyond the major welfare programs would require nurses, teachers, and other service providers to become immigration enforcement agents, which we oppose. It would also impose disproportionately large administrative costs and burdens on discretionary-funded programs (such as maternal and child health block grants, head start, public health clinics, etc.)

IMMIGRANT ELIGIBILITY

QUESTION:

The Administration's recommendations on tightening immigrant eligibility do not go far enough; how much further are you willing to go to prevent the abuse of our welfare system by immigrants?

ANSWER:

- ▶ The Administration opposes any broad, categorical denial of public benefits to *legal immigrants*, such as that proposed by the welfare bill vetoed by the President (H.R. 4).
- ▶ At the same time, we believe sponsors should be held responsible and we strongly endorse extending the deeming period for SSI, AFDC, and Food Stamps and making the affidavit of support legally binding.
- ▶ The National Governors Association supported our approach in their October 10, 1995 letter to welfare conferees, stating that "Although we can support deeming requirements for some programs and changes to make the affidavit of support enforceable, we oppose federal restrictions on aid that shifts costs to states" (see attachment). The NGA's most recent policy is neutral on the immigration provisions of H.R. 4.
- ▶ We are convinced that strengthening the deeming rules and making the affidavit of support legally binding--as we have proposed--is the right policy; it not only requires sponsors to meet their responsibilities, but also ensures that legal immigrants who are truly in need are not left without a federal safety net.

BACKGROUND:

- ▶ Our deeming proposal would also allow state and local programs of cash assistance to follow the same deeming rules as the federal programs. In the contest of seeking additional budget savings, the Administration might be willing to consider other ways to realize this goal, such as making the new deeming rules apply to current recipients. The Administration has never supported such an approach because we do not think it is fair to apply new deeming rules to immigrants who have complied with all the current immigration and program eligibility rules and are receiving assistance.

CHILD SUPPORT ENFORCEMENT

QUESTION:

There are studies that show that \$48 billion in child support could be collected from parents who do not live with their children. Yet last year the child support enforcement program only collected \$11 billion in child support. What should be done to ensure that all parents support their children?

ANSWER:

- ▶ Since taking office, President Clinton has taken strong steps to improve our nation's child support enforcement system.
- ▶ These efforts are working. The Clinton Administration has collected unprecedented amounts of child support. From 1992 to 1995, collections grew by nearly 40 percent. In 1995, the federal-state child support enforcement system collected a record \$11 billion from non-custodial parents, up from \$8 billion in FY 1992. In addition, paternity establishment rose by more than 40 percent from 1992 to 1995.
- ▶ The NGA proposal contains all of the President's proposals to further improve child support collections: streamlined paternity establishment, employer reporting of new hires, uniform interstate child support laws, computerized statewide collections, and tough new penalties such as driver's license revocation.
- ▶ The tough child support enforcement measures the President has proposed would send a strong signal about the responsibility of both parents to the children they bring into the world.

BLOCK GRANTS AS POLICY

QUESTION:

The Governors' proposal would block grant AFDC, child care, and child protection funding, and provide an optional food stamp block grant for states. Where does the Administration stand now on the block grant issue?

ANSWER:

- ▶ As we've said from the start, our bottom line is to reward work and protect children. That means we want to look at the totality of any welfare proposal to see if it changes the current system; requires work; demands responsibility; gives states more flexibility; and protects children in the process.

BLOCK GRANTS POLICY -- FOLLOW-UP

QUESTION:

But do you have to have an AFDC entitlement?

ANSWER:

- ▶ What we have to have is a basic safety net for children. That's why protecting foster care and child welfare programs is very important, and why we want to maintain a basic nutritional safety net through food stamps. We also need to have protections for states and poor families in case of recession, and we're pleased that the NGA proposal includes a contingency fund for states, which when combined with adequate maintenance of effort will ensure that states have the resources they need to require work and protect children.
- ▶ Our preference has always been a conditional entitlement - it was in our own legislation, it was in the Daschle bill which we endorsed, and it's still our preference.

BLOCK GRANTS AS A FUNDING MECHANISM

QUESTION:

As a funding mechanism, what are the disadvantages to block grants? Can they be fixed?

ANSWER:

- ▶ The Administration supports a funding mechanism that will not put children and states at risk down the road and that enables states to succeed in moving people from welfare to work. For example, one major concern about block grants is that during a recession states may run out of money before the end of the year. This means states would be forced to turn people away from their program or cut back on their work programs. While not as effective as the current state match structure in responding to the needs of states, combining block grants with adequate contingency fund provisions could somewhat alleviate this problem. However, the Administration has found that the most of the welfare proposals -- including the NGA proposal -- do not have sufficient contingency fund provisions. As a result, we have made several recommendations in this area.
- ▶ While the Administration supports proposals that significantly increase state flexibility, we also want to ensure accountability for achieving national goals. One problem with the current structure of the block grants is that they contain few provisions that allow the federal government to understand how the block grant dollars are spent and what is being achieved. This makes it difficult to be accountable to federal and state tax payers. To ensure accountability for federal funds, the Administration supports a provision which would require a program specific audit within federal guidelines.

CHILD CARE FUNDING

QUESTION:

How much child care funding is enough?

ANSWER:

- ▶ We are very pleased to see the NGA proposal build on the substantial progress made in the Senate bill with respect to child care resources. The NGA proposal to provide an additional \$4 billion for child care is essential if states are to meet their work participation requirements and -- equally important -- to maintain their child care commitments to low-income working families.
- ▶ The Governors would also improve the child care provisions in the conference agreement by adopting the Senate's state option to permit mothers with children under six to participate in work programs part-time (20 hours per week) -- similar to the work experience of most mothers with preschool children.
- ▶ While these additional resources are critically important, it must be kept in mind that long waiting lists for child care exist in most states and communities, and the lack of child care is often cited as a major barrier to participation in work and training programs. It is therefore also important that states maintain their own contribution to child care and match the additional federal funds.

QUALITY OF CHILD CARE

QUESTION:

Do you have concerns about the changes in quality funding and health and safety in this proposal, given that so many more children (especially young children) will be entering child care due to welfare reform?

ANSWER:

- ▶ We were very pleased that the Senate bill passed last September retained existing quality protections for children in child care. Unfortunately, the NGA proposal would eliminate these basic health and safety provisions and would reduce the targeted funds for quality.
- ▶ These vital protections were developed with the bipartisan support of the NGA in 1990, and enjoyed overwhelming support in the Congress. They are not federal standards, but basic protections set by the states to provide for the prevention and control of infectious diseases (including immunizations), building and premises safety, and minimum health and safety training for child care providers.
- ▶ The NGA proposal also would reduce funds designated to improve the quality of care. States use these funds to conduct criminal background checks, train providers, license programs, and provide consumer education to parents. The proposal undermines current state efforts to improve child care services by drastically reducing the funds available for this purpose.

SUPPLEMENTAL SECURITY INCOME

QUESTION:

What does the Administration think of NGA's approach to children with disabilities under the SSI program?

ANSWER:

- ▶ I would defer to my colleague, Dr. Shirley Chater, in this area. However, I will say that we were pleased to see that the NGA proposal follows the Senate-passed bill for making the changes to SSI children, with one modification--an effective date of January 1, 1998 rather than 1997.
- ▶ As you know, the Administration, particularly the Social Security Administration which administers this program, is supportive of making changes in the SSI program to tighten eligibility standards.
- ▶ We believe that we should retain full cash benefits for all eligible children and we should tighten eligibility for children now on the rolls. However, children found ineligible should not lose benefits until January 1998.
- ▶ Based on the information we have to date about the NGA proposal, we believe that these principles are retained.

MEDICAID LINK

QUESTION:

What is the NGA proposals' position in terms of Medicaid coverage for welfare recipients? Where does the Administration stand on severing the link between Medicaid and AFDC?

ANSWER:

- ▶ The governors' proposal would end the guaranteed Medicaid coverage for some poor women and children now categorically eligible (i.e. receiving assistance). It would also repeal the phase-in of mandatory Medicaid coverage for poor children 13 and older. It would also eliminate the guarantee of a transitional year of health coverage when parents are leaving welfare for work. These provisions are fundamentally counterproductive, since many poor women now choose welfare over work simply because they or their children need health care. And they retreat on our commitment to health coverage for vulnerable Americans.
- ▶ The Administration believes that providing poor families and children access to the health care they need is critical to successfully moving people from welfare to work. We support the Senate bill's approach, which would maintain Medicaid coverage for poor families making the transition to self-sufficiency.

BACKGROUND:

The NGA proposals could weaken the link between cash assistance and Medicaid.

States would have to "guarantee" Medicaid, either by continuing the current AFDC rules for Medicaid, or by providing Medicaid automatically to cash assistance recipients eligible under the new AFDC rules.

However, this "guarantee," like all of the other eligibility "guarantees" in the NGA proposal would be neither a legally enforceable entitlement nor a promise of a specific and meaningful package of benefits. Cash assistance recipients could find themselves with inadequate benefits and no alternatives.

The NGA proposals are silent on Medicaid transitional benefits for people leaving cash assistance for work, so presumably this would be a matter left totally to State discretion (except for people covered by other "guarantees," such as pregnant women, children up to age 12, disabled as defined by the State).

Similarly, NGA is silent on Medicaid continuation for people who would lose cash assistance for other reasons, such as expiration of the cash assistance time limit or birth of another child while the family is receiving welfare. Those who do not fit into one of the NGA's "guarantee" categories could lose Medicaid benefits unless a State decides to cover them.

NEED FOR FEDERAL PROTECTIONS

QUESTION:

If most States already have the Model Administrative Procedure Act or other procedures in place, why is there a need to establish by federal statute further requirements?

ANSWER:

- ▶ It is true that most states accord basic procedural protection to their citizens through legislation like the Model Administrative Procedure Act or similar means. Thus, the most important safeguard the legislation can provide is to require that state plans contain objective criteria that provide for fair and equitable treatment of all applicants and recipients.

CONSTITUTIONAL DUE PROCESS PROTECTIONS

QUESTION:

Aren't Due Process protections assured by the Constitution? Why do we need to put more procedural requirements into the welfare statute?

ANSWER:

- ▶ Yes, to a certain extent the Constitution does provide safeguards.
- ▶ However, with new legislation totally restructuring the statutory underpinnings of the welfare system, there may be years of litigation before the exact parameters of Due Process protections under the Constitution are adequately redefined and universally recognized.
- ▶ Objective criteria providing for fair and equitable treatment will be the cornerstone of protection against arbitrariness and discrimination in individual cases.

MINIMUM REQUISITES OF A FAIR AND EQUITABLE PROGRAM

QUESTION:

What are the minimum requisites of a fair and equitable program?

ANSWER:

- ▶ Foremost is the requirement for objective criteria, under which families with similar needs are treated similarly, regardless of where in the state they apply for assistance.
- ▶ Families forced to resort to public assistance, as courts have noted through the years, may face "brutal need." Denial, or even delay, in granting assistance may pose a risk of the most dire consequences.
- ▶ Eligibility decisions should be made fairly and promptly.

WHY INCLUDE IN STATE PLAN REQUIREMENTS?

QUESTION:

Why is it important that these criteria be included as state plan requirements?

ANSWER:

- ▶ It is the federal government's responsibility to assure some uniformity, at least with regard to fundamental protections, throughout the country.
- ▶ In addition, to assure a better understanding of the policies and procedures states choose to implement, plans should be submitted in a standardized format, prescribed by the federal government.
- ▶ The federal government, ultimately, is funding a substantial portion of these programs.
- ▶ It is reasonable and prudent to design a system where the federal government maintains some oversight responsibility to ensure that states' programs fulfill the purpose and goals established by Congress.

WHY PROCEDURAL PROTECTIONS ARE ESSENTIAL

QUESTION:

What are the ultimate goals to be served by a public assistance program, and why are procedural protections essential to fulfill such goals?

ANSWER:

- ▶ Families must be permitted to live in dignity while seeking to achieve the goal of independence and self-sufficiency.
- ▶ Recipients of welfare are among our most disadvantaged and defenseless citizens. They should not be further deprived of their own humanity by being subjected to arbitrary and discriminatory treatment.
- ▶ It is fundamental to the overall achievement of the purpose and objectives of these new welfare proposals that assistance be made available in a fair and equitable manner.
- ▶ Ours is a society founded upon principles of Due Process and Equal Protection. We espouse and should adhere to the highest standards of equity and fair treatment, regardless of an individual's stature in society or economic circumstances.
- ▶ We can easily afford to build minimal protections into our bureaucratic systems; we can ill-afford to neglect our weakest and most needy, and, especially, the very children who represent our future.

RACE TO THE BOTTOM

QUESTION:

Why don't you trust the states to do the right thing? Do you believe there will be a race to the bottom?

ANSWER:

- ▶ This is not a matter of trust. The Governors and State Legislators are elected officials who all seek to best serve the residents of their states. I am concerned because this legislation would create a funding mechanism that would provide greater rewards for states who reduce welfare spending, and penalize states who might otherwise increase benefits. Let me explain by comparing the incentive structure that exists under the current shared federal/state funding mechanism, with what would happen under a block grant:

Under current law, the federal government pays the full cost of food stamp benefits and over half the cost of state-set AFDC benefits. Because of this funding arrangement, the average state pays about 65 cents to increase the well-being of a family by one dollar--the rest of the tab is paid for by the federal government. Under a block grant, the state would pay the full cost of an AFDC benefit increase, and the federal government would realize savings in the Food Stamp Program. Thus, under a block grant, the average state would have to pay \$1.43 to increase the well-being of a family by a dollar. Anyone who has a family budget knows that if the "price" of a dollar of benefits increases from 65 cents to \$1.43, that states are going to "buy" fewer benefits.

- ▶ At the same time that welfare legislation would encourage states to reduce benefits by changing the funding mechanisms, states will be under extraordinary budgetary pressure from all quarters. Public safety, education, medical assistance, and tax reforms are high priorities in states around the country. The block grant mechanism for AFDC benefits would make welfare spending more vulnerable to reductions under current fiscal constraints in states and probably also at the Federal level.

▶ States may reduce benefits out of fear of becoming a welfare magnet. Most research concludes that welfare magnet effects are minimal, if they exist at all. Welfare recipients do not move to another state for the purpose of receiving higher welfare benefits. Rather, welfare recipients move for the same reasons other people do: to find employment, and to be near family. However, policy makers have been establishing policies as though the welfare magnet effect is real. For example, several states, including California, Connecticut, Illinois, and Wisconsin, have proposed two-tier benefit structures to deter immigration into their states. Policy makers in Connecticut were explicit in saying that their reforms were deliberately harsh.

If state policy makers continue to behave as though welfare magnets exist by reducing benefits and making their programs unattractive, the pull of welfare magnets could get stronger. Faced with the possibility of losing eligibility for any benefits because of a short time limit, families may have greater incentives to move across state lines.

▶ In addition to the impact on welfare spending that could occur simply by shifting from the current federal/state partnership to a block grant funding mechanism, the NGA plan would give states substantial discretion to shift even the federal portion of assistance out of cash assistance programs. Under the NGA plan, states could reduce their own spending on welfare and welfare-to-work programs by up to \$28 billion over seven years. On top of that, they give states the option to shift \$30 billion of the federal funds intended for use on these programs to spending on other social service programs. This \$30 billion could be used to supplant current state spending on social services, freeing up state dollars for any other purpose, such as education, prisons, roads, football stadiums, or tax cuts.

NO

WHY ISN'T THE SENATE BILL GOOD ENOUGH?

QUESTION:

Why isn't the Senate bill good enough for the President now when it was good enough last fall?

ANSWER:

- ▶ Last fall the President welcomed the Senate welfare bill as a promising starting point that, with additional work, could lead to a true welfare reform bill. He noted that "despite the progress we've made, our work isn't done yet...We'll be working hard to build on the bipartisan progress we've made..."
- ▶ Rather than building on the Senate effort, however, the welfare reform conferees took a step backward, producing a bill that made deep and unnecessary cuts in assistance for disabled children, legal immigrants and children at risk of abuse or neglect. The conference agreement also eliminated the guarantee of medical coverage for families on welfare and failed to give States the resources they will need to move recipients into the workforce while maintaining the safety net for poor children.
- ▶ The President very much hopes that Congress takes this opportunity to build on the Governors' proposal, in a bipartisan manner, to craft a welfare reform bill we can all support.

WAIVERS

QUESTION:

Several Republican governors have complained that the Clinton Administration is holding up reform by refusing to grant states waivers. How do you respond?

ANSWER:

- ▶ The Clinton Administration has granted an unprecedented number of state waivers, under both welfare and health care reform. In the last three years, we've approved 65 health care and welfare reform waivers; in contrast, the previous Administration granted waivers to only 11 states in four years. Our record on state flexibility is consistent and clear, and we're working hard with the states to approve these pending waiver requests.

BACKGROUND:

Our total of 65 waivers includes: 12 statewide Medicaid waivers and 53 welfare reform demonstration projects in 37 states. In contrast, the previous Administration granted 11 total waivers in four years: zero health care waivers and only 11 welfare reform waivers.

VETO OF WELFARE CONFERENCE BILL

QUESTION:

The President has listed welfare reform as one of his main priorities over the past three years. If welfare reform is so important to this president, why did he veto the bill Congress sent him?

ANSWER:

- ▶ The President is determined to enact national welfare reform this year, and he has consistently urged Congress to send him a bipartisan bill that would get the job done. Instead, Congress sent him extreme legislation that would have done little to move people from welfare to work and made unnecessary cuts to programs serving disabled, abused, and hungry children. The Administration will continue to work with the governors and Congress to craft a bill that is tough on work and responsibility and protects children. Remember too that this President has already given 37 states the flexibility to impose time limits, require work, and strengthen child support enforcement -- that's more than any President in history.

NATIONAL REFORM VS. WAIVERS

QUESTION:

The Clinton Administration has stressed its record on granting states welfare reform waivers. Why can't we just forget about national reform and allow each state to design its own system?

ANSWER:

- ▶ There are several important reasons for a federal role in reform. First, there has been widespread agreement that abuses in the SSI program need to be fixed. Likewise, there is a need for federal involvement in strengthening the child support enforcement system. There is a need to tighten the immigrant provisions across programs -- from expanding deeming requirements to holding sponsors more accountable for those immigrants they sponsor. Within the Social Security Act there is a need to legislate more state flexibility. And finally, we need to authorize more federal child care funding to move people from welfare to work.

- ▶ We agree that the federal government does not have the answers to every problem, and that states and localities should have the flexibility to design welfare reform strategies that respond to local circumstances. But while we are committed to state flexibility in welfare reform, a federal/state partnership is important in the following areas: achieving the national reform objectives of work, responsibility and accountability; ensuring funding stability over time and protecting states and individuals against economic downturns; and preserving basic protections for needy Americans and their children.

OVERALL GOALS

QUESTION:

What does the President want in a welfare reform bill?

ANSWER:

- ▶ As the President has clearly stated, he wants welfare reform that requires work, promotes parental responsibility, and protects children.

FOLLOW-UP QUESTION:

What exactly does that mean? Would the President veto a bill that block-grants food stamps or doesn't have 80 percent maintenance of effort for states?

ANSWER:

- ▶ As the President has said, welfare reform must be tough on work -- not on kids. The NGA proposal has made substantial progress towards real reform by including provisions that the Administration has called for from the start: a performance bonus to reward states for moving people from welfare to work; resources for child care; conditional assistance for teenagers; a contingency fund to help protect states against an economic downturn; and all of the tough child support enforcement provisions proposed by the Administration last year. The NGA proposal also eliminates the punitive provisions in the Conference bill -- such as the mandatory family cap. Building on the strengths of the NGA proposal, we'll continue to work with the governors and Congress to get real, bipartisan welfare reform enacted this year.

OBJECTIONS TO NGA PROPOSAL

QUESTION:

What are your main objections to the NGA proposal and why?

ANSWER:

- ▶ Overall, the NGA proposal is a strong improvement over the flawed Conference bill, which the President vetoed. The NGA proposal improves on the conference bill by providing more child care funding, a better contingency fund, a substantial performance bonus for states, stronger work requirements, an optional family cap for states, and protections for disabled children. In addition, it takes the Administration's approach of requiring unmarried minor parents to live at home and stay in school in order to receive assistance, and it contains all of the tough Administration-backed child support enforcement provisions.
- ▶ However, the NGA proposal still needs improvement in several important areas. The Administration continues to have serious concerns about the optional child welfare and food stamp block grants in the NGA proposal. In addition, the proposal would also block grant administrative costs for school lunches. As we've said from the start, real welfare reform must promote work and protect children, not be used as a cover for budget cuts at the expense of our poorest children. It must also require accountability of states, so we prefer the Senate bill's approach on maintenance of effort. We'll continue to work with the governors and Congress to resolve these issues and enact real bipartisan welfare reform that gets the job done.

**STATUS OF PENDING WELFARE REFORM DEMONSTRATION
FLORIDA PROPOSAL**

QUESTION:

What is the status of pending waiver request from Florida?

ANSWER:

- ▶ HHS received Florida's request for waivers to implement the Family Responsibility Act demonstration on October 4, 1996.
- ▶ On January 22, 1996, we sent the State a list of issues and questions resulting from a Federal review of the proposal.
- ▶ We are waiting to hear back from the State.

STATUS OF PENDING WELFARE REFORM DEMONSTRATION

ILLINOIS PROPOSAL

QUESTION:

What is the status of pending waiver request from Illinois?

ANSWER:

- ▶ HHS received Illinois' request for waivers to implement the Six-Month Paternity Establishment demonstration on July 18, 1995.
- ▶ We have had numerous conference calls with the State to resolve issues.
- ▶ We sent the State draft terms and conditions of approval on February 13, 1996.
- ▶ We are waiting to hear back from the State.

STATUS OF PENDING WELFARE REFORM DEMONSTRATION

IOWA PROPOSAL

QUESTION:

What is the status of pending waiver request from Iowa?

ANSWER:

- ▶ HHS received Iowa's request for waivers to implement the Family Investment Plan demonstration on December 14, 1995.
- ▶ HHS is preparing a list of issues and questions resulting from federal review of the application to send to the State.

STATUS OF PENDING WELFARE REFORM DEMONSTRATION

KANSAS PROPOSAL

QUESTION:

What is the status of pending waiver request from Kansas?

ANSWER:

- ▶ HHS received Kansas' request for waivers to implement the Actively Creating Tomorrow for Families Demonstration on July 26, 1994.
- ▶ HHS sent the Kansas Department of Social and Rehabilitation Services (SRS) a list of issues and questions September 19, 1994 which result from a federal review of the application and initial discussions with SRS.
- ▶ We reached agreement with Kansas on draft terms and conditions in April of 1994, but the State decided to place their request on hold at that time.
- ▶ We stand ready to issue a prompt decision on their application upon their request that we move forward.

**STATUS OF PENDING WELFARE REFORM DEMONSTRATION
OKLAHOMA PROPOSAL**

QUESTION:

What is the status of pending waiver request from Oklahoma?

ANSWER:

- ▶ HHS received Oklahoma's request for waivers to implement the Welfare Self-Sufficiency Initiative on October 27, 1995.
- ▶ On January 26, 1996, we sent the State a list of issues and questions resulting from a Federal review of the proposal.
- ▶ We are waiting to hear back from the State.

**STATUS OF PENDING WELFARE REFORM DEMONSTRATION
TEXAS PROPOSAL**

QUESTION:

What is the status of pending waiver request from Texas?

ANSWER:

- ▶ HHS received the Texas request for waivers to implement the Achieving Change for Texans demonstration on October 6, 1995.
- ▶ On January 16, 1996, HHS sent Texas an analysis paper discussing issues of concern to us and clarifications we needed to better understand the State's proposal.
- ▶ Texas responded to our issues paper with answers to our questions on February 1, 1996 and we conducted a teleconference with State officials of the State on February 21, 1996 to discuss remaining issues.
- ▶ Our discussions with State staff suggest that we should be able to mutually resolve these issues and soon begin to develop draft terms and conditions.
- ▶ State officials expressed a desire to receive a final decision on their request by April 1st. It is our objective to work with the State to meet that deadline.

STATUS OF PENDING WELFARE REFORM DEMONSTRATION

UTAH PROPOSAL

QUESTION:

What is the status of pending waiver request from Utah?

ANSWER:

- ▶ Utah's "Single Parent Employment Demonstration" (SPED) was approved on January 31, 1995.
- ▶ HHS received Utah's request for waivers to amend the SPED project on February 7, 1996.
- ▶ The application is currently under review.

CUBAN/HAITIAN ENTRANTS

QUESTION:

What do you recommend doing about the eligibility of Cuban/Haitian entrants for federal benefits?

ANSWER:

- ▶ The Administration has consistently supported allowing Cuban/Haitian entrants to remain eligible for federal assistance, and we continue to take that position.
- ▶ As you may know, H.R. 4 would have denied federal assistance to Cuban/Haitian entrants.
- ▶ We believe that H.R. 4 would merely result in shifting the costs of assistance for Cuban/Haitian entrants from the federal government to local governments and communities.
- ▶ Such a policy would essentially have the federal government walk away from its immigration responsibilities; and we cannot support that.

BACKGROUND:

- ▶ Under current law (known as "Fascell/Stone," Section 501 of the Refugee Education Assistance Act of 1980), Cuban and Haitian entrants are eligible for public benefits on the same basis as refugees.

WR-Q+A

**WELFARE REFORM Q&A
JANUARY 30, 1996**

Q. Would you sign the Senate bill?

A. I said in September that I would sign it. I also said at the time that our work wasn't done yet -- that the Senate bill could be improved in the areas of child care and protections for states and children. I still believe that. In the budget talks, both sides agreed that the Senate bill should be the foundation for improvements.

We have come a long way in this debate -- not so long ago, House Republicans were talking about orphanages as the answer -- and we can continue to make progress. As I said in the State of the Union, if Congress sends me a bipartisan welfare reform bill that moves people from welfare to work and does right by children, I will sign it.

Q. What improvements are you looking for?

A. My principles have been clear throughout the 15 years I have worked on this issue. Welfare reform has to promote work and responsibility and do right by children. That's why I vetoed the conference report, that's why I opposed the House bill, and that's why I thought the Senate bill was a solid step in the right direction and a good foundation.

Let me tell you why I vetoed the conference report. It weakened the work provisions, such as maintenance of effort and the performance bonus. It took away the guarantee of Medicaid, which is essential for mothers who want to leave welfare for work. And it undermined programs like child welfare, which have nothing to do with welfare reform.

Q. Why have you fought so hard for the Medicaid entitlement but not the AFDC entitlement?

A. I have always been in favor of giving governors maximum responsibility and flexibility over AFDC, because the program needs a fundamental overhaul. It doesn't promote work or responsibility and it doesn't do enough to lift up children and families. Also, states are already free to set benefit levels wherever they choose.

Medicaid is another story altogether. It's working, and it provides a real guarantee of good health care to millions of poor children.

Q. Your own Administration now says the Senate welfare bill would put 1.2 million children in poverty. How can you possibly sign such a bill?

A. My test has always been: does it promote work? does it protect children? does it promote responsibility? The Senate bill is a good foundation for reforming the current system in ways that meet those tests. If we can improve the Senate bill by doing more to promote work and reducing the overall level of budget cuts, we can increase the chance that it will move people from dependence to independence.

But let's not kid ourselves. Millions of children are growing up in poverty right now, trapped by a welfare system that gives them little hope of making something of their lives. Those kids are growing up in families where no one is working, in communities where there is no work. Our society pays dearly for that. Work is the link into the mainstream of American life.

No one should ever underestimate the impact that a parent working has on the values a child carries with them the rest of his or her life. It makes all the difference in the world. A child growing up in a family that is working its way out of poverty is infinitely better off than a child growing up in a family with no work. That is why my fundamental criteria for signing a bill is what does it do to promote work and protect children.

TO: Bruce Reed
David Ellwood
Mary Jo Bane
Kathi Way
Wendell Primus
Rich Tarplin
John Monahan
Emily Bromberg

FROM: Melissa Skolfield *ms*

DATE: 9/30/94

Here are the revised statements for your review; they incorporate, to the extent possible, the comments you gave me this week. If you see anything inaccurate, please give me or Amy a call. I'll certainly let you know before I use them. Thanks.

CBOZ

Draft Talking Points

GENERAL: Our welfare reform legislation has proposed unprecedented changes in the welfare system, including a two-year time limit on cash benefits, and some disagreement about cost estimates is to be expected. CBO's numbers are preliminary, and subject to change. Traditionally, CBO has been very conservative about predicting the savings that will come from changing behavior with new incentives to reward work and responsibility. Before preparing our own estimates, we carefully examined a variety of state welfare reform efforts that have been very successful. We look forward to working with CBO, and to fully analyzing their findings. We remain committed to passing welfare reform legislation that is meaningful, bold and budget-neutral.

IF ASKED/FINANCING: The difference on the revenue side is primarily due to one provision, which CBO could not score under its budget rules because the final language was not in the welfare reform legislation.¹ (At the time the Work and Responsibility Act was introduced, the language was part of another bill, which was in conference.) Other differences are due to technical disagreements, such as using different baselines. We remain committed to passing welfare reform legislation that is meaningful, bold and budget-neutral.

IF ASKED/OUTLAYS: Most of the difference on the outlay side have to do with child care. Some of this difference is attributable to a difference of opinion about the cost of child care, particularly for school-age children. We made what we believe is a reasonable assumption: that states will try to arrange mothers' training and work schedules around the typical school day whenever possible. This would be in the best interests of states, mothers, and children. A smaller part of the differential is due to varying estimates of the expected demand for child care by single mothers with young children. Our estimates were based on very carefully evaluated studies and we believe they are solid.

There were other, smaller differences in our estimates, and we look forward to working with CBO to understand the technical disagreements that caused them. The Administration took what we felt to be a realistic approach to cost estimates. In general, our assumptions were based on the actual experiences of program managers in the field who are implementing JOBS and welfare-to-work programs. We carefully examined a variety of state welfare reform efforts that have been very successful, and we believe our estimates are solid.

IF ASKED/JOBS/WORK DIFFERENCES: CBO has traditionally been very conservative about predicting the savings that will come from changing behavior with new incentives to reward work and responsibility. Before preparing our own estimates, we carefully examined a variety of state welfare reform efforts that have been

very successful. We relied primarily on one very carefully evaluated demonstration, the Saturation Work Initiative Model (SWIM) in San Diego.

Like our plan, SWIM emphasizes job search activities, work, education and training, and sanctions for those who do not follow the rules. Over a five-year period, the program increased participant earnings by an average of \$2,076 per single-parent family. About 75 percent of the single-parent participants were employed at some time during the evaluation period, and for welfare recipients who would not have worked at all in absence of the program, SWIM led to a significant 20 percent increase in employment. For every dollar spent, SWIM returned more than \$2.30 per participant in terms of reduced welfare costs. Reductions in AFDC payments totaled almost \$2,000 over five years for each family -- savings that were almost twice the program's net costs.

1. This is the SSI DA&A provision, scored at \$800 million.

Draft Talking Points

GENERAL: Our welfare reform legislation has proposed unprecedented changes in the welfare system, including a two-year time limit, and some disagreement about cost estimates is to be expected. CBO's numbers are preliminary, and subject to change. Traditionally, CBO has been very conservative about predicting the savings that will come from changing behavior with new incentives to reward work and responsibility. Before preparing our own estimates, we carefully examined a variety of state welfare reform efforts that have been very successful. We look forward to working with CBO, and to fully analyzing their findings. We remain committed to passing welfare reform legislation that is meaningful, bold and budget-neutral.

IF ASKED/FINANCING: The difference on the revenue side is primarily due to one provision, which CBO could not score under its budget rules because the final language was not in the welfare reform legislation. (At the time the Work and Responsibility Act was passed, the language was part of another bill, which was in conference.) Other differences are due to technical disagreements, such as which baseline to use. We remain committed to passing welfare reform legislation that is meaningful, bold and budget-neutral.

IF ASKED/OUTLAYS: Most of the difference on the outlay side have to do with child care. Some of this difference is attributable to different estimates of the expected demand for center-based child care by single mothers with young children. Our estimates were based on a very carefully evaluated study and we believe they are solid. A smaller part of the differential is due to a difference of opinion about the cost of child care, particularly for school-age children. We made what we believe is a reasonable assumption: that states will try arrange mothers' training and work schedules around the typical school day whenever possible. This would be in the best interests of states, mothers, and children.

Other differences in our estimates were smaller, and we look forward to working with CBO to understand the technical disagreements that caused them. In general, our assumptions were based on the actual experiences of program managers and evaluators in the field. We carefully examined a variety of state welfare reform efforts that have been very successful, and we believe our estimates are solid.

IF ASKED/JOBS/WORK DIFFERENCES: CBO has traditionally been very conservative about predicting the savings that will come from changing behavior with new incentives to reward work and responsibility. Before preparing our own estimates, we carefully examined a variety of state welfare reform efforts that have been very successful. We relied primarily on one very carefully evaluated demonstration called SWIM. (Need info. on success of SWIM)