

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
Washington, D.C. 20503-0001

LRM NO: 3322  
FILE NO: 15

**URGENT**

12/19/95

LEGISLATIVE REFERRAL MEMORANDUM

Total Page(s)

12

TO: Legislative Liaison Officer - See Distribution below:

FROM: Janet FORSGREN (for)  
Assistant Director for Legislative Reference

**URGENT**

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SUBJECT: DRAFT POSITION PAPER re: Welfare  
Reform Conference Report

\* \*

\* \*

DEADLINE: noon Wednesday, December 20, 1995

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President.

Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

WR -  
SAP-H.R. 4  
(Dec. '95)

\* COMMENTS: MUST CHANGES ONLY!  
THE ABOVE DEADLINE IS FIRM!! \* \*

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- 30-EDUCATION - Jack Kristy - 2024018313
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- 61-JUSTICE - Andrew Fols - 2025142141
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**RESPONSE TO  
LEGISLATIVE REFERRAL MEMORANDUM**

**LRM NO: 3322  
FILE NO: 15**

If your response to this request for views is simple (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet.

If the response is simple and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter.

Please include the LRM number shown above, and the subject shown below.

TO: Malinda HASKINS 395-3923  
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 Fax Number: 395-8148  
 Branch-Wide Line (to reach legislative assistant): 395-3923

FROM: \_\_\_\_\_ (Date)  
 \_\_\_\_\_ (Name)  
 \_\_\_\_\_ (Agency)  
 \_\_\_\_\_ (Telephone)

\* \* SUBJECT: DRAFT POSITION PAPER Re: Welfare Reform \* \*  
 Conference Report

The following is the response of our agency to your request for views on the above-captioned subject:

- \_\_\_\_\_ Concur
- \_\_\_\_\_ No Objection
- \_\_\_\_\_ No Comment
- \_\_\_\_\_ See proposed edits on pages \_\_\_\_\_
- \_\_\_\_\_ Other: \_\_\_\_\_
- \_\_\_\_\_ FAX RETURN of \_\_\_\_\_ pages, attached to this response sheet

**- DRAFT -**

**Position Paper on  
Welfare Reform Conference Report**

The Administration is committed to working with the Congress to enact comprehensive, bipartisan welfare reform. Americans have waited a long time for this historic moment. The current welfare system is broken and fails to serve the taxpayers who pay for it or the people who are trapped in it, and must be replaced. We owe it to the people who sent us here not to let this opportunity slip away by doing the wrong thing or failing to act at all.

While we have not yet seen a final version of the welfare reform conference report, H.R. 4, we understand that some improvements have been made to bring it closer to the Senate-passed version of welfare reform. Unfortunately, these recent changes are not adequate. The conference report continues to fall far short of a true overhaul of our welfare system. Although an effort has been made to address several important priorities of the Administration -- time limits, work requirements, child support enforcement, and teen pregnancy -- it was designed to incorporate such deep budget cuts that States will be unable to move people from welfare to work, protect children, or carry out real reform. The Administration opposes provisions which would simply treat welfare reform as a budget cutting exercise rather than as genuine structural reform, particularly when these cuts are combined with block granting the food stamp, child nutrition, and child protection programs. Welfare reform will only succeed if it moves people from welfare to work, not if it is overwhelmed with budget cuts that are tough on children.

An overwhelming bipartisan majority in the Senate produced a welfare reform bill that, while far from perfect, established a foundation for reform. A bill emerging from a Coalition of House members, who have consulted with others in both the House and Senate, would be vastly preferable to the Administration than the conference report. The structural changes in the Coalition bill are better and the budget cuts are not as severe. The Administration urges the Congress to build on this bipartisan common ground.

For nearly three years, this Administration has worked aggressively on all fronts to make welfare a second chance, not a way of life. In 1993, the President's economic plan gave a tax cut to 15 million working families through the Earned Income Tax Credit, which rewards work over welfare. Last year, the President sent Congress the most sweeping welfare reform plan any Administration has ever presented, which would have time-limited welfare benefits; established tough work requirements and provided child care for welfare recipients; imposed tough child support enforcement measures on non-custodial parents; increased State flexibility in running public assistance programs; and protected children.

Welfare caseloads have decreased by 1.2 million, or 8.5 percent, since peak participation in March 1994. The number of single never-married women in the labor force has increased. Child support collections have increased to a record of \$10 billion in 1994. Child poverty has been reduced by over 600,000 from 1993 to 1994. Earlier this year, the President signed an Executive Order to

place the Federal Government as a model employer for collecting child support. The Administration has granted some three dozen States the freedom to experiment with welfare initiatives to move people from welfare to work, promote responsibility, and protect children. In addition, in July, the President directed that Federal regulations be strengthened to prevent welfare recipients who refuse to work from getting higher Food Stamp benefits when their welfare checks are reduced.

These measures have gone a long way to reforming welfare around the country. Through welfare reform experiments, 9.9 million recipients around the country are in households in which adults are being required to work, take increased responsibility for their children, sign a personal responsibility contract, or earn a paycheck from a business that uses money that was spent on food stamps and welfare benefits to subsidize private sector jobs. These States are doing their part to promote real reform that reflects the basic values all Americans share: work, responsibility, and family.

Now Congress needs to do its part with a welfare reform bill that honors those same values by requiring work, demanding responsibility, protecting children, and providing adequate resources to get the job done right.

Done right, welfare reform has the power to help dependent adults find jobs and leave the welfare rolls for good. Done wrong, it could lead to less opportunity and more hardship, squandering an historic chance to repair a system that has failed miserably.

The welfare reform conference report, however, provides too few resources to move people from welfare to work and to protect children, and puts budget politics ahead of real reform. The Administration does not believe the cause of welfare reform is furthered by unnecessarily deep budget cuts or block grants for food stamps, child nutrition, and child protection. The Administration remains firmly committed to working with Congress to craft an acceptable welfare reform plan that is motivated by the urgency of reform rather than by an arbitrary budget target.

### **THE MAGNITUDE OF THE BUDGET CUTS IS TOO LARGE**

The welfare reform conference report was designed to meet an arbitrary deficit reduction target, not to achieve real reform. Cuts in low-income programs in H.R. 4, while lower than those in the original House bill, are significantly deeper than the level proposed in the Administration's Balanced Budget Plan and those in the Senate passed welfare bill. Instead of helping States tackle the mammoth task of moving people from welfare to work over seven years, the bill undercuts States by reducing funding for low-income programs far too deeply. **While final CBO estimates have not yet been released, the bill is likely to cut \$65 to \$70 billion under CBO's new baseline assumptions (including Medicaid).** These cuts are especially troubling in combination with proposed cuts in the Earned Income Tax Credit, a powerful work incentive that is critical to welfare reform and making work pay for many low-income American families. The Administration is willing to make well-targeted reductions in selected low-income programs in an effort to balance the budget, but the cuts included in the welfare reform conference report exceed

an acceptable threshold and would thwart States' ability to succeed at real reform. For welfare reform to succeed, it should ultimately result in savings by moving people from welfare to work -- not by simply cutting people off assistance, which will cost taxpayers much more down the road, or by merely shifting costs to the States.

### **MOVING PEOPLE FROM WELFARE TO WORK**

Welfare reform is first and foremost about work. The Senate-passed welfare bill included some constructive steps toward replacing the current failed system with one that is based on work. The Administration and an overwhelming bipartisan majority of Senators supported these measures as vital to welfare reform's success: providing more resources for child care; requiring States to maintain their stake in moving people from welfare to work; providing additional funds so that States can continue to require work in economic downturns; and rewarding States with a performance bonus for placing people in jobs. The conference report weakens all these work provisions. Congress should expand on the bipartisan work-based reforms that are the heart and soul of real welfare reform:

- **Provide more child care and resources to move people from welfare to work, not less.** The bipartisan Senate bill recognized that child care is essential to moving people off welfare and helping them stay off. Although we have not seen specific language, we applaud the Conference's decision to provide an additional \$1 billion for child care. This amount, however, is still insufficient. CBO estimates that the work requirements in the Senate bill, which are less stringent than the conference bill, would increase child care costs by \$8.3 billion above the FY 94 level. The conference bill, even with the add back, does much too little to cover these expenses. This will mean thousands of mothers will need to stay at home and on welfare rather than going to work. The bill also abandons important quality, health, and safety protections in current law that were put in place with overwhelming bipartisan support just five years ago. Without sufficient child care and work funding, welfare reform will be an enormous unfunded mandate on the States, and will not succeed. Congress should restore the child care protections of the bipartisan Senate bill, and provide considerably more child care and work resources, not less. In addition, to minimize the need for child care and increase State flexibility in meeting work requirements, the Congress should adopt the Senate provisions allowing States to count those who leave welfare for work in their participation rates, as well as recipients with young children who work part-time.
- **Protect States and families in the event of economic downturn with a funding mechanism that does not shift a huge burden onto State and local taxpayers and keep States from putting people to work.** In an economic downturn, State revenues go down at the same time caseloads go up, as unemployed families are forced to seek public assistance. We understand the bill contains a modest \$1 billion contingency fund for States in economic trouble. Current law automatically adjusts funding for changing State economic situations. The conference bill does not put into place adequate

counter cyclical funding mechanisms, as proposed by the Administration; instead it leaves in place a flawed eligibility trigger that would not respond efficiently to increases in child poverty. In a recession, many States will not be able to sustain cash benefits and meet the work requirements. The contingency fund can be strengthened by enlarging it and adding a State eligibility "trigger" that is more sensitive to changes in the number of families in poverty (such as an estimate of the number of children on Food Stamps). The expanded fund can be designed so as not to increase Federal costs under current economic projections.

- Require States to maintain their stake in moving people from welfare to work. The conference bill reduces the Senate's requirement that States continue their financial commitment to low-income programs -- from 80 percent of their FY 1994 contributions toward temporary assistance, child care and work activities to 75 percent. However, provisions allowing States to transfer 30 percent of Federal funds to other State activities could effectively eliminate this requirement for some States, and reduce it to 45 percent or less for all States. While some States will maintain their current low-income programs, many can be expected to withdraw their money from such programs, and avoid the burden of moving people from welfare to work. The conference report also gives States a perverse incentive to simply cut recipients off without moving them into work, by lowering the required State funding commitment for States that reduce their rolls. Congress should restore and strengthen the maintenance of effort provisions of the bipartisan Senate bill. If Congress wants to link State funding commitments with work requirements, it should increase the maintenance of effort requirement on States that fail to meet their work requirements, rather than simply lowering it for a handful of States that succeed. Welfare reform should not be a race to the bottom; it should be a race to independence.
- Reward States for putting more people to work. The Senate bill included a revolutionary work performance bonus that rewarded States for actually placing people in jobs. While we have not seen language, we appreciate that the Conference may provide an additional \$500 million for performance bonuses rather than take funds out of the block grant. We are concerned, however, that this amount is not sufficient, though this approach is vastly preferable to the provision that would allow States to reduce their role in the Federal/State partnership to promote work and protect children. To change the culture of welfare, reform should reward success instead of failure or the status quo. Congress should strengthen a real work performance bonus that gives State welfare bureaucracies a positive incentive to focus on the central goal of moving people from welfare to work.

The Administration is concerned that the conference report weakens the bill's emphasis on work by eliminating the requirement for recipients to sign personal responsibility contracts and the provision that recipients who are not working or in training must enter community service employment. It also enables States to count toward the work requirement families they cut off the rolls so long as the Federal Government cannot prove they left because of eligibility changes.

The Administration also is troubled that the conference report forces States to affirmatively opt out of the family cap, rather than letting them decide for themselves. The conference report further reduces State flexibility in moving people from welfare to work by eliminating State options to require part-time work and reducing the hardship exemption from 20 percent to 15 percent. The Senate provisions should be restored. Finally, the Administration supports the Senate approach to performance accountability with State-defined program goals, outcomes, and performance indicators. These essential accountability measures should be reinstated.

### PROTECTING CHILDREN

The Senate bill reflected the overwhelming bipartisan consensus in this country that welfare reform should not punish children. Across the country, Republicans and Democrats at the State and local level agree that we must demand responsibility from young mothers and young fathers, not penalize children for their parents' mistakes. The Administration supports retaining the \$50 pass-through as a child support incentive.

The conference report abandons that consensus with a number of structural changes in programs and deep cuts that would fall hardest on children. In particular, the Administration wants to make sure that welfare reform will:

- Maintain the national commitment to abused and neglected children and those at risk: The conference bill cuts child protection programs and eliminates both the Independent Living program for foster teenagers and the Family Preservation and Support program. Cuts increase under CBO's current estimates to exceed ten percent of CBO's revised baseline for the affected programs by 2002. Cuts are close to \$4 billion under Administration estimates (exceeding 20 percent over seven years). While preserving cash payments, the conference compromise bill turns four child protection entitlements for foster care and adoption assistance services and administration into capped block grants. These programs fund basic services like investigations of child abuse and neglect, licensing to make sure foster homes are safe, and efforts to find adoptive parents for children. The cuts could lead to more uninvestigated maltreatment reports, more children left in unsafe homes, and more children languishing in the system while they wait for adoption and permanent homes. Congress should reverse these proposals. Reported child maltreatment and the need for out-of-home placements have both increased sharply, and nearly 2,000 children die each year due to child abuse and neglect. A time of dramatic change in the welfare system is not the time for radical and untested experiments with some of our most vulnerable children.
- Preserve the National Nutritional Safety Net. The conference agreement dramatically restructures and cuts nutrition programs by \$36 billion -- almost a third more than the Administration Balanced Budget Plan and far beyond the Senate welfare bill. Preliminary CBO estimates indicate that by the seventh year, food stamp benefits spending would be cut by nearly 20 percent. Each of the 14 million children now receiving Food Stamps

would receive considerably less as a result -- according to USDA by the year 2002, the average family with children would lose about \$50 each month. We understand that the conference has reduced the Child Nutrition savings and we applaud this change. However, the bill would fundamentally alter the structure of the Child Nutrition Programs by creating multiple block grant demonstrations, relaxing national nutrition and eligibility standards and increasing administrative complexity. Congress should preserve the nutritional safety net and soften these cuts, and make the following changes to the conference report:

- No Optional Food Stamp Block Grant. A Food Stamp block grant would weaken the national nutrition safety net, eliminate the program's ability to respond to changing economic conditions, eliminate national eligibility and benefit standards, and sever the link between Food Stamps and nutrition. The House bill limited the option to block grant Food Stamps to States that have an Electronic Benefits Transfer system in place. The conference report broadens the option considerably by allowing any State to simply buy its way into the block grant, even if that State does not have a strong anti-fraud program in place. The Administration opposes a food stamp block grant option, particularly if AFDC is to be block granted. However, if steps are taken to permit optional State block grants, States should be required to have an Electronic Benefit Transfer system and low error rates. States should not be allowed to buy into a block grant, nor should they be able to profit by taking the block grant.
- No Food Stamp Spending Cap. The conference report includes a Food Stamp spending cap, which could trigger deep across-the-board food stamp cuts if cash assistance declines more substantially than current forecasts. The Administration strongly opposes a food stamp spending cap since it lacks flexibility and could punish low-income families and individuals across the country for estimating errors made here in Washington.
- Don't Force Families to Choose Between Paying for Food and Shelter. The conference report repeals a provision proposed by the Administration and enacted in 1993 under which families with children that pay over half their income for housing will receive more Food Stamps in order to keep these families from having to choose between paying the rent and feeding their children adequately. The conference agreement would freeze a limit on the maximum shelter deduction allowed these households. If this provision is repealed, nearly two million households with children, more than one-fifth of all families with children, would receive fewer Food Stamps. The Administration opposes this provision.
- No Four-Month Time Limit for Unemployed Workers Looking for Jobs. The conference report would limit Food Stamps to 4 months out of 12 for unemployed people between the ages of 18 and 50 even if they are willing to work but unable

to find jobs or a work program slot, unless they were disabled or taking care of a child. But the legislation provides work slots for only a very small fraction of this population. As a result, the bill could take all nutrition benefits away from nearly 700,000 participants. By requiring States to deny benefits to these participants -- without requiring that States provide jobs or training slots -- this bill makes nutrition benefits contingent on finding jobs that may not exist. The Administration opposes this provision.

- **No School Lunch/Child Nutrition Block Grant Experiments**

We understand that the conference report includes a Child Nutrition Block Grant Demonstration project that would allow block grants to be established in each of the seven USDA regions. We oppose any proposal that would undermine federal nutrition standards and the federal guarantee that low-income children receive free or reduced-price meals in schools. We believe that there is nothing to be gained from a Child Nutrition Block Grant Demonstration project and are opposed to this provision.

- **No Citizenship/Legal Residence Test for School Lunch**

The conference agreement would require that all children attending public school pass a "citizen/legal resident" test in order to participate in the school lunch program. This requirement would impose a substantial new paperwork burden on the families of tens of millions of school children, including U.S. citizens, who are currently participating in the school lunch program. Even those families who pay full price for school meals would be required to complete elaborate paperwork. Forcing schools to act as an extension of our immigration authorities would be likely to intimidate and estrange students and families of a variety of ethnicities and backgrounds, including those not subject to benefit restrictions, who are uncertain as to their rights or reasonably fear stigmatization. We need to do all we can to increase family involvement in education and reduce the drop-out rate, not undercut those efforts.

These onerous and costly requirements on families, schools, and States run counter to notions of simplicity and flexibility that underlie welfare reform and could have far reaching negative impacts. The Administration strongly opposes these provisions and urges the conferees to exempt Child Nutrition programs from these requirements.

- **Protect Children with Disabilities:**

The conference bill goes too far in the changes it would make to the SSI childhood disability program, cutting \$8 billion more than the Administration has proposed. The Administration supports the conference decision to maintain SSI as a cash benefit

program, and favors tightening the definition of disability for new applicants for SSI. However, the Administration opposes applying this definition to children currently receiving benefits. To do so would mean that about 160,000 children currently in the program would lose eligibility within one year after enactment. The Administration strongly urges the Congress to reduce hardship to disabled children currently on the rolls by exempting them from the new, stricter eligibility rules.

The conference report also substantially reduces benefit levels for a large percentage of the children coming on the rolls by creating two categories of disability. Under the conference bill, by the year 2002, as many as 750,000 children would be receiving reduced benefits. Creating two categories of disability among children who are all severely disabled makes no sense. The low income parents of all these children experience special costs and reduced employment opportunities because of their responsibility for their children, and this reality needs to be reflected by legislation that does not create tiered benefit levels.

**We understand that the Conference bill includes \$1 billion for block grants to States for children with disabilities. Eligibility for these funds would not be means tested and would be available for the provision of goods and services to children with disabilities. While providing such block grants for services may seem attractive, we believe this proposal is inappropriate when included at the expense of major reductions in cash benefits to low-income children with severe disabilities coming onto the rolls and the elimination of cash benefits for some children currently on the rolls.**

- Make Changes in Benefits for Legal Immigrants Equitably:

The Administration supports holding sponsors who bring immigrants into this country legally responsible for the immigrants' financial well-being. Eligibility changes, however, should be made equitably. The conference bill goes too far, cutting benefits to immigrants by \$20 billion. The conference wisely rejected the Senate provision to deny benefits to immigrants even after they become citizens. But in other respects, the conference report would reduce benefits for legal immigrants more severely than either the House or the Senate bills. For example, the House bill exempted the severely disabled and those over age 75. The conference bill would not exempt either group from an SSI and Food Stamps ban or severe benefit restrictions for any Federal or State program based on income, including Medicaid, AFDC, student financial assistance, or prenatal care. These exemptions are particularly important if there is to be a ban since non-sponsored immigrants who are disabled or elderly may have no other means of support.

The bill also requires local governments and private/non-profit service providers to obtain and verify the citizenship and immigrant status of all individuals and families before they could participate in federally funded programs -- including school lunch and prenatal care. This unprecedented administrative burden is discussed further in the context of child

nutrition. It could result in cases of discrimination toward citizens, and in some instances, undermine the effectiveness of existing programs.

**The Administration objects to restricting Medicaid to documented immigrants. Access to health care should not be subject to a citizenship test.**

The cuts in immigrants' benefits are the deepest in the entire welfare bill. If these proposals become law, billions of dollars in costs may be shifted to States and localities with high immigrant populations unless the States and localities also choose to restrict benefits. These cuts will place added strains on State and local welfare programs and the welfare population.

### **Protecting the Elderly**

The conference agreement would increase the minimum age requirement for Supplemental Security Income (SSI) benefits for the aged (currently 65 years) to correspond with the Social Security program's "retirement age." Beginning in 2003, the Social Security retirement age will increase two months per year to age 66 in 2008. A similar increase to age 67 will take place between 2021 and 2026. The Administration opposes the conference bill's SSI provision because it could put at risk poor, elderly individuals who lack the skills or experience to be self-supporting at an advanced age. The SSI program and the Social Security program are not automatically comparable. Social Security provides for optional "early retirement" at age 62 years and the majority of Social Security recipients take advantage of this option. The Social Security early retirement age is not scheduled to change. SSI, however, has no provision for an early retirement age.

### **Protecting Medicaid Beneficiaries**

- Both the House and Senate bills required States to continue to provide Medicaid benefits to all individuals who meet current AFDC eligibility criteria. In doing so, both bills protected a categorical link between welfare and Medicaid eligibility. The conference agreement, however, would remove a Federal commitment to providing health care coverage to our most vulnerable citizens by eliminating the requirement that States provide Medicaid benefits to individuals receiving cash assistance. As a result, millions of women and children could lose their access to health care coverage.
- The Administration supports retaining the Federal entitlement to Medicaid for Federal cash assistance recipients and would strongly oppose the conference agreement that gives States the option not to provide health coverage to these individuals.

### **CONCLUSION**

In its present form, the Administration remains determined to keep working with Congress to reach a bipartisan agreement to end the

The Administration

remains determined to keep working with Congress to reach a bipartisan agreement to end the

current welfare system and replace it with one that is tough on work, tough on responsibility, and fair to children. We should work together to enact sound balanced budget and welfare reform plans. We should not squander this historic moment by putting arbitrary budget targets ahead of real and lasting reform. The Administration calls on the Congress to put budget politics aside and help give the American people a government that honors their values, by making welfare a second chance and responsibility a way of life.



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

March 21, 1995  
(House)

## STATEMENT OF ADMINISTRATION POLICY

(THIS STATEMENT HAS BEEN COORDINATED BY OMB WITH THE CONCERNED AGENCIES.)

### H.R. 4 - Personal Responsibility Act of 1995 (Shaw (R) FL and 122 cosponsors)

The Administration strongly supports enactment of real and effective welfare reform that promotes the basic values of work and responsibility. Last year, the President proposed a sweeping welfare reform package that embodied these values. It would have: established tough work requirements while providing opportunities for education, job training, and child care to working people; imposed tough child support enforcement measures; required teen mothers to live at home, stay in school, and identify their child's father; increased State flexibility and accountability; and maintained protections for children.

In all its welfare reform efforts, the Administration has emphasized the basic values of work and responsibility. The President's economic plan expanded the earned income tax credit, which cut taxes for 15 million working families to reward work over welfare. Last month, the President issued an Executive Order to crack down on Federal employees and military personnel who owe delinquent child support. In the past two years, the Administration has granted waivers from Federal rules to 25 States to try innovative new ways to promote work and responsibility.

The Administration remains committed to working with the Congress in a bipartisan way to pass bold welfare reform legislation this year. In its current form, however, the Administration opposes H.R. 4 because it falls short of the basic goals and values that most Americans want welfare reform to promote.

#### WORK

Republicans and Democrats alike agree that the central goal of welfare reform must be work. Unlike the legislation proposed by the Administration last year, however, H.R. 4 would not end welfare as we know it by moving people from welfare to work. The bill provides neither the resources nor the requirements for States to prepare welfare recipients to become self-supporting. H.R. 4 would not ensure that adequate child care, education, and training are provided to make work pay and give welfare recipients the skills to hold a job.

In fact, H.R. 4 would give States a perverse incentive to cut people off welfare. It would allow States to count people as "working" if they were simply cut off the welfare rolls, whether or not they had moved into a job. It also would cut back on child care both for people trying to leave welfare and for working people who are trying to stay off welfare. Finally, it would repeal the Job Opportunities and Basic Skills program, removing any real responsibility for States to provide job search assistance, education, training, and job placement to move people off welfare and into work.

In addition, H.R. 4 would eliminate the child care guarantee for families moving from welfare to work and would cap overall funding for child care at a level that could force large numbers of working families to lose child care assistance. The bill also would eliminate child care quality, health, and safety protections that are critical to children's well-being.

### RESPONSIBILITY

The Administration believes that welfare reform must promote individual responsibility and responsible parenting. The toughest possible child support enforcement is central to getting people off welfare and helping them stay off. Although the Administration appreciates that many of its proposals to increase child support collection have been included in H.R. 4, the bill must be strengthened to ensure that non-custodial parents uphold their responsibility to help support their children. The Administration supports requiring States to deny drivers' and other professional licenses to parents who refuse to pay child support. This approach has proven very successful in States that have already implemented such requirements.

Welfare reform must also send a strong message to young people that they should not get pregnant or father a child until they are ready to take responsibility for that child's future. The President has called for a national campaign against teen pregnancy that sends a clear message about abstinence and responsible parenting.

The Administration believes that minor mothers should receive benefits when they make a serious effort to be responsible and turn their lives around -- by living at home, staying in school, and identifying the child's father. In contrast, H.R. 4 would automatically punish innocent children by denying benefits to those born to unwed parents under age 18 -- regardless of whether the mother has made an effort to turn her life around and provide a stable environment for her child.

The Administration has serious concerns about other aspects of H.R. 4 that would:

- o Jeopardize the health and nutrition of children, families, and the elderly. H.R. 4 would cut the Food Stamp program dramatically and cap spending levels. The bill would further erode the nutritional safety net by cutting funding and creating block grants to replace existing child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children. These programs have produced significant and measurable improvements in health outcomes among the many who participate in them. H.R. 4 would eliminate national nutrition standards and the funding mechanisms that permit these programs to expand to meet the increased needs that occur in times of economic downturn. These changes would leave working Americans vulnerable to shifts in the economy and to changes in nutrition standards that could be driven more by budgets than the health of children and mothers.
- o Punish innocent children. H.R. 4 would deny cash benefits to over 150,000 disabled children. The bill also would cut off children whose parents have received welfare for more than five years, whether the parent is able to work or not. Rather than letting States decide whether to deny benefits for additional children born to a mother on welfare, H.R. 4 would impose a one-size-fits-all Federal mandate. Benefits also would be reduced for 3.3 million children whose paternity is not established, even if the mother is cooperating fully and the State bureaucracy is at fault.

Many of these children could well be pushed into the child protection system. Rather than protecting these children, H.R. 4 would cut funding for foster care, adoption assistance, and child abuse prevention activities. It also would virtually eliminate Federal oversight of State child protective systems, many of which are acknowledged to be functioning very poorly. As a result, thousands of children will be at increased risk of harm. The Administration is strongly committed to providing protection to the millions of children who are abused or neglected each year and to promoting programs that prevent abuse or neglect.

- o Leave States with inadequate resources. H.R. 4 would replace existing programs with capped grants to States. In contrast to the funding mechanisms now in place, funding under H.R. 4 would not adjust for a recession. Without such an adjustment, States in recession would encounter reduced revenues and increased caseloads. In such times, it is the working poor who would most likely need, but not receive, temporary assistance. Thus, individuals needing a temporary lift could be left without cash assistance, food stamps,

child care, or even school lunches for their children. In addition, H.R. 4 would deny public assistance to legal immigrants -- who pay taxes and contribute to their communities -- thereby shifting substantial burdens to State and local taxpayers.

The Administration, therefore, opposes H.R. 4 in its current form because: it would fail to reform welfare by moving people from welfare to work; it would reduce Federal funding in ways that would impair the health and nutrition of children and families; and it is not tough enough on parents who owe child support, and is too tough on innocent children.

#### Pay-As-You-Go Scoring

H.R. 4 specifies that none of the changes in direct spending resulting from the bill shall be reflected in estimates under the Balanced Budget and Emergency Deficit Control Act of 1985. However, Members of Congress have publicly stated that the budget savings in H.R. 4 are to be included in a package of offsets designed to pay for upcoming tax legislation. Therefore, the budget savings in H.R. 4 would go neither toward real welfare reform nor toward deficit reduction, but primarily to finance tax cuts for the wealthy.

\* \* \* \* \*

THE WHITE HOUSE

WASHINGTON

March 20, 1995

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In the last two years, we have put the country on the road to ending welfare as we know it. In 1993, when Congress passed our economic plan, we cut taxes for 15 million working Americans and rewarded work over welfare. We collected a record level of child support in 1993 -- \$9 billion -- and last month I signed an executive order to crack down on federal employees who owe child support. In two years, we have granted waivers from federal rules to 25 states, so that half the country is now carrying out significant welfare reform experiments that promote work and responsibility instead of undermining it.

I have always sought to make welfare reform a bipartisan issue. I still believe it can and must be. Unfortunately, the House Republican bill in its current form does not appear to offer the kind of real welfare reform that Americans in both parties expect. It is too weak on moving people from welfare to work, not as tough as it should be on deadbeat parents, and too tough on innocent children.

Last year, I sent Congress the most sweeping welfare reform plan any administration has ever presented. It did not pass, but I believe the principles and values at its core will be the basis of what ultimately does pass:

\* First, the central goal of welfare reform must be moving people from welfare to work, where they will earn a paycheck, not a welfare check. I believe we should demand and reward work, not punish those who go to work. If people need child care or job skills in order to go to work, we should help them get it. But within two years, anyone who can work must go to work.

This is not a partisan issue: Last year, 162 of 175 House Republicans co-sponsored a bill, H.R. 3500, that promoted work in

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Sincerely,



The Honorable Richard A. Gephardt  
Democratic Leader  
House of Representatives  
Washington, D.C. 20515

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The Honorable Newt Gingrich  
Speaker of the  
House of Representatives  
Washington, D.C. 20515



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of the Assistant Secretary  
for Legislation

Washington, D.C. 20201

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FROM: HHS/ASL STAFF (Jim Hickman 690-7627)

DATE: March 21, 1995

PAGES: 4 (including cover)

SUBJECT: Letter from President Clinton to Speaker Gingrich on House of Representatives' consideration of welfare reform legislation

## THE WHITE HOUSE

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The Honorable Newt Gingrich  
Speaker of the  
House of Representatives  
Washington, D.C. 20515

cc to Bill G.

Brown  
FYE  
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SENATE FINANCE COMMITTEE HEARING ON TEEN PREGNANCY

March 14, 1995

**Senators:** Packwood, Chafee, D'Amato, Murkowski, Moynihan, Bradley, Conrad, Graham, Moseley-Braun, Rockefeller

**Panelists:** Douglas Besharov, American Enterprise Institute  
Dr. Robert Granger, Manpower Demonstration Research Corporation  
Dr. Rebecca Maynard, University of Pennsylvania  
Dr. Kristin Moore, Child Trends, Inc.

Besharov: Between 1989 and 1992, number of AFDC families increased by one-third. Causes: 1/4 due to economy, 1/4 due to other (primarily immigration), and 1/2 due to family breakdown, rise in out of wedlock births. Out of wedlock births are now mostly "never marrieds" which are harder to get into the workforce. Never marrieds are 3 times more likely to be on welfare for 10 years than divorced women. 1/2 of these never marrieds bore first child as teenagers. Must establish value of responsibility, that welfare is not an alternative lifestyle.

Granger: Demos show that small and large scale programs can be implemented. Programs can raise the high school graduation rate. Programs work better with the least disadvantaged. But see no effects on teen pregnancy. What can we do? Keep kids in school. Encourage participation in JOBS to get them into the workforce. Protect children (remember that reducing money for Mom means less money for kids). Test new ideas.

Maynard: Causes of increases in the teenage birth rate: increasing sex rates, low contraception use rate, high contraception failure rate. See no correlation between welfare benefits and teen births (teen birth rate has increased while real welfare benefits declined). Effective programs emphasize work -- for men too, to improve their marriageability. If we cut off benefits to teen moms, we'll see abortion and illegal activities increase.

Moore: Need to improve information (encouraging both abstinence and contraception works best), access to contraceptive services, and motivation. Motivation key because economic opportunity strongly linked with putting off pregnancy; while poverty, school failure, risk taking behavior, and family problems strongly linked to teen pregnancy. Solution includes enforcing child support and preventing repeat child bearing.

Packwood: Teen birth rate declined through 1986, then increased. Why? The number of marital births declined while the number of nonmarital births increased, so that now 72% of all teen births are out of wedlock. What has gone wrong?

Granger: Men in different situation, not marriageable, can't support a family. So now test of manhood has changed.

Besharov: And decline in shotgun weddings -- good, women have greater freedom.

Maynard: In inner cities, welfare has become the norm, acceptable.

Moseley-Braun: Teen pregnancy has always been a problem. Now the consequences of short-circuiting education are greater. What's causing the marriage rate to decline and what

can we do to incent marriage?

Moore: People have great distrust of marriage as divorce rate has climbed.

Maynard: Many of these women don't aspire to marriage -- men cheat, leave them, have no money, treat them better before marriage. Men have replaced getting a job with "control" as their new way to demonstrate manhood.

Granger: Declining opportunities for young males. Wage disparity for men with high school diploma and college degree at highest point in 40 years.

Besharoy: But the marriage rate for black men with college education has declined more than those without. Can't forget the disincentives to marry in the welfare system.

Moynihan: Caution is key. We don't know enough to make changes as drastic as eliminating AFDC. Too many consequences.

Besharoy: No -- we're only talking about denying cash benefits until 18 -- foodstamps, WIC, Medicaid all still available. This will keep teen in her home, where she should be. We cut off UI benefits. Need a cliff so that self-sorting can occur.

Graham: Most pregnancies are unintended. Why are they happening?

Moore: Motivation is key because the only ones who don't get pregnant are the ones who really really don't want to. Process of providing motivation starts young.

Granger: Personal relationships are key to preventing pregnancy.

Besharoy: School to work (tech prep, voc ed) is key for giving kids opportunities.

Murkowski: We have a drug problem and an education problem (dropouts).

Bradley: 1.3 million kids born to unmarried moms. 500,000 to unmarried teenagers. What is the most radical thing you would do to change this?

Moore: Be tough on dads.

Bradley: E.g., requiring 15% of their wages for 18 years to go to each child.

Maynard: Change accountability system -- no cash support for moms who won't help identify father (but be aware that rape and incest are real problems). Require participation in school or work for cash benefits.

Granger: Enhance EITC so someone working full time will make 180% of poverty.

Besharoy: Set up a system that encourages self-sorting (e.g., a cliff after 5 years that forces people to look ahead and plan).

Bradley: Can you imagine how to encourage work, marriage without spending more money?

D'Amato: Study showed that 37% of mothers on welfare ages 18-24 have serious drug problem. Child support enforcement not practical in many cases.

Rockefeller: "Time deficit problem." Kids don't have any parents/adults to talk to. How do we encourage responsibility among adult men? What are other countries doing about time deficiency problem and to encourage adult men to take responsibility?

Maynard: Mentoring is difficult and expensive to set up. No research results.

Chafee: Study "Sex and America's Teenagers" showed teens use contraceptives as frequently and well as adults. Could Title X be used to improve contraceptive use?

Besharov: Not really since people tend to come into clinics for pregnancy or STDs.

Moore: Yes, clinics need more funding.

Maynard: No, access and availability of contraceptives not the problem. Need motivation to use contraception correctly and consistently.

Conrad: Please identify one thing we should do and one thing we should not do.

Besharov: Don't legislate simplistic answers to a complex child support problem. Do encourage experimentation.

Granger: Do need to learn from experimentation. Don't cut off children born to teen mothers forever. Don't require mothers to work 35 hrs/wk -- keep moms in school and give them time with child.

Maynard: Do establish high expectations early. If you wait until child older, you may have 2 kids to deal with. Don't assume these kids can't make it -- they can with help and support.

Moore: Do demos with strong evaluations. Don't cut teens off.

Moynihan: We have to respect how little we know and how we've failed. We have to resist urge to be tough, to expect to transform this complex system with one bill in 5 years.

Graham: Would you recommend an entitlement or block grant approach?

Besharov: If we give states flexibility, must be capped so states don't abuse open ended entitlement as they do with Medicaid.

Bradley: Few things becoming obvious. This is a problem. We have to be modest in our proposal, unorthodox in our experiments, and restrained in our political discourse. If we're not, we can't have the modest reform we should since we would need to be able to say, "we've reformed welfare." New Jersey experiment includes incentives to work and marry and penalty for more kids. Do any of you want to predict outcome?

Maynard and Granger: Family cap will have little impact on birth rate.

Rockefeller: Issue is complex -- we have responsibility to be responsible with our actions.

Chafee: Once mother has 2nd child, are the chances of getting her off welfare are greatly reduced? (All agreed.) What would you think of a program that puts maximum emphasis on mothers with 1 child?

Besharov, Granger and Maynard: Mothers with 1 child are generally younger mothers. Younger mothers are toughest, but helping them will have biggest impact on long term welfare costs.

Moore: Target prevention of 1st child -- motivation is the key.

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U.S. House of Representatives  
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Welfare reform should not be a cloak for some other purpose. The budget cuts in the current House plan would go neither toward moving people from welfare to work nor toward reducing the deficit, but would apparently be used to pay for tax cuts for the very wealthy. That's not welfare reform. The welfare problem in America is too important for more politics as usual.

I appreciate all the work that you have done on this issue, and I am pleased that the country is finally engaging in this important debate. In the end, I believe we can work it out together, as long as we remember the values this debate is really about. The dignity of work, the bond of family, and the virtue of responsibility are not Republican values or Democratic values. They're American values -- and no child in America should ever have to grow up without them.

Sincerely,

Bill Clinton  
President

March 1995  
(House)

H.R. 4 - Personal Responsibility Act of 1995  
(Shaw (R) FL and 122 cosponsors)

The Administration strongly supports the need to enact real and effective welfare reform that promotes the basic values of work and responsibility. Last year, the President proposed a sweeping welfare reform proposal that embodied these values. It imposed tough work requirements while providing opportunities for education, job training, child care, and support to working people. It included tough child support enforcement measures. It required teen mothers to live at home, stay in school, and identify their child's father. It increased State flexibility and accountability. It maintained protections for children.

In all its welfare reform efforts, the Administration has emphasized the basic values of work and responsibility. The President's economic plan expanded the earned income tax credit, which cut taxes for 15 million working families to reward work over welfare. Last month, the President issued an Executive Order to crack-down on Federal employees and military personnel who owe delinquent child support. In the past two years, the Administration has granted waivers from Federal rules to 25 States to try innovative new ways to promote work and responsibility.

The Administration remains committed to working with the Congress in a bipartisan way to pass bold welfare reform legislation this year. In its current form, however, the Administration opposes H.R. 4 because it falls short of the basic goals and values that most Americans want welfare reform to promote.

WORK

Republicans and Democrats alike agree that the central goal of welfare reform must be work. Unlike the legislation proposed by the Administration last year, however, H.R. 4 would not end welfare as we know it by moving people from welfare to work. The bill provides neither the resources nor the requirements for States to prepare welfare recipients to become self-supporting. H.R. 4 would not ensure that adequate child care, education, and training are provided to make work pay and give welfare recipients the skills to hold a job.

In fact, H.R. 4 would give States a perverse incentive to cut people off welfare. It would allow States to count people as working if they were simply cut off the welfare rolls, whether or not they have moved into a job. It also would cut back on child care both for people trying to leave welfare and for working

people who are trying to stay off welfare. Finally, it would repeal the Job Opportunities and Basic Skills program, removing any real responsibility for States to provide job search assistance, education, training, and job placement to move people off welfare and into work.

In addition, H.R. 4 would eliminate the child care guarantee for families moving from welfare to work and would cap overall funding for child care at a level that could force large numbers of working families to lose child care assistance. The bill also would eliminate child care quality, health, and safety protections that are critical to children's well-being.

### RESPONSIBILITY

The Administration believes that welfare reform must promote individual responsibility and responsible parenting. The toughest possible child support enforcement is central to getting people off welfare and helping them stay off. Although the Administration appreciates that many of its proposals to increase child support collection have been included in H.R. 4, the bill must be strengthened to ensure that non-custodial parents uphold their responsibility to help support their children. The Administration supports requiring States to deny drivers and other professional licenses to parents who refuse to pay child support. This approach has proven very successful in States that have already implemented such requirements.

Welfare reform must also send a strong message to young people that they should not get pregnant or father a child until they are ready to take responsibility for that child's future. The President has called for a national campaign against teen pregnancy that sends a clear message about abstinence and responsible parenting.

The Administration believes that minor mothers should receive benefits only when they make a serious effort to be responsible and turn their lives around -- by living at home, staying in school, and identifying the child's father. In contrast, H.R. 4 would punish innocent children by denying benefits to those born to unwed parents under age 18.

The Administration has serious concerns about other aspects of H.R. 4 that would:

- o Jeopardize the health and nutrition of children, families, and the elderly. H.R. 4 would cut the Food Stamp program dramatically and cap spending levels. The bill would further erode the nutritional safety net by cutting funding and creating block grants to replace existing child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children. These programs

have produced significant and measurable improvements in health outcomes among the many who participate in them. H.R. 4 would eliminate national nutrition standards and the funding mechanisms that permit these programs to expand to meet the increased needs that occur in times of economic downturn. These changes would leave working Americans vulnerable to shifts in the economy and to changes in nutrition standards that could be driven more by budgets than the health of children and mothers.

- o Punish innocent children. H.R. 4 would deny cash benefits to over 150,000 disabled children. The bill also would cut off children whose parents have received welfare more than five years, whether the parent is able to work or not. Rather than letting States decide whether to deny benefits for additional children born to a mother on welfare, H.R. 4 would impose a one-size-fits-all Federal mandate. Benefits also would be reduced for 3.3 million children whose paternity is not established, even if the mother is cooperating fully and the State bureaucracy is at fault.

Many of these children could well be pushed into a child protection system. Rather than protecting these children, H.R. 4 would cut funding for foster care, adoption assistance, and child abuse prevention activities. It also would virtually eliminate Federal oversight of State child protective systems, many of which are acknowledged to be functioning very poorly. As a result, thousands of children will be at increased risk of harm. The Administration is strongly committed to providing protection to the millions of children who are abused or neglected each year and to promoting programs that prevent abuse or neglect.

- o Leave States with inadequate resources. H.R. 4 would replace existing programs with capped grants to States. In contrast to the funding mechanisms now in place, funding under H.R. 4 would not adjust for a recession. Without such an adjustment, States in recession would encounter reduced revenues and increased caseloads. In such times, it is the working poor who would most likely need, but not receive, temporary assistance. Thus, individuals needing a temporary lift could be left without cash assistance, food stamps, child care, or even school lunches for their children. In addition, H.R. 4 would deny public assistance to legal immigrants -- who pay taxes and contribute to their communities -- thereby shifting substantial burdens to state and local taxpayers.

The Administration, therefore, opposes H.R. 4 in its current form, because it would fail to reform welfare by moving people from welfare to work. The bill would reduce Federal funding in ways that would impair the health and nutrition of children and

families and undercut attempts to move welfare recipients from welfare to work. The bill is not tough enough on parents who owe child support, and too tough on innocent children. In addition, it would be particularly unwise to make such reductions to finance a tax cut for higher-income taxpayers.

#### Pay-As-You-Go Scoring

H.R. 4 specifies that none of the changes in direct spending resulting from the bill shall be reflected in estimates under the Balanced Budget and Emergency Deficit Control Act of 1985. However, it has been publicly stated that the budget savings in H.R. 4 are to be included in a package of spending offsets designed to pay for upcoming tax legislation. Therefore, the budget savings in H.R. 4 would go neither toward real and effective welfare reform, nor toward deficit reduction, but purportedly to finance tax-cuts for higher-income taxpayers.

DRAFT

March 20, 1995

[Dear Representative]

This week, the historic national debate we have begun on welfare reform will move to the floor of the House of Representatives. Welfare reform is a top priority for my Administration and for Americans without regard to party. I look forward to working with Republicans and Democrats in both houses of Congress to enact real reform that promotes work and responsibility and makes welfare what it was meant to be: a second chance, not a way of life.

In the last two years, we have put the country on the road to ending welfare as we know it. In 1993, when Congress passed our economic plan, we cut taxes for 15 million working Americans and rewarded work over welfare. We collected a record level of child support in 1993 -- \$9 billion -- and last month I signed an executive order to crack down on federal employees who owe child support. In two years, we have granted waivers from federal rules to 25 states, so that half the country is now carrying out significant welfare reform experiments that promote work and responsibility instead of undermining it.

I have always sought to make welfare reform a bipartisan issue. I still believe it can and must be. Unfortunately, H.R. 4 in its current form does not appear to offer the kind of real welfare reform that Americans in both parties expect. It is too weak on moving people from welfare to work, not as tough as it should be on deadbeat parents, and too tough on innocent children.

Last year, I sent Congress the most sweeping welfare reform plan any administration has ever presented. It did not pass, but I believe the principles and values at its core will be the basis of what ultimately does pass:

\* First, the central goal of welfare reform must be moving people from welfare to work, where they'll earn a paycheck, not a welfare check. I believe we should demand and reward work, not punish those who go to work. If people need child care or job skills in order to go to work, we should help them get it. But within two years, anyone who can work must go to work.

This is not a partisan issue: Last year, 162 of 175 House Republicans co-sponsored a bill, H.R. 3500, that promoted work in much the same way as our plan. But H.R. 4, the bill the House will consider this week, fails to promote work, and would actually make it harder for many recipients to make it in the workplace. It cuts child care for people trying to leave welfare and for working people trying to stay off welfare, removes any real responsibility for states to provide job placement and skills, and gives states a perverse incentive to cut people off whether or not they have moved into a job. When people just get cut off without going

to work, that's not welfare reform. I urge you to pass a welfare reform bill that ends welfare as we know it by moving people from welfare to work.

\* Second, welfare reform must make responsibility a way of life. We should demand responsibility from parents who bring children into the world, not let them off the hook and expect taxpayers to pick up the tab for their neglect. Last year, my Administration proposed the toughest child support enforcement measures ever put forward. If we collected all the money that deadbeat parents should pay, we could move 800,000 women and children off welfare immediately.

I am grateful to members in both parties for already agreeing to include most of the tough child support measures from our welfare reform plan. This week, I hope you will go further, and require states to deny drivers and professional licenses to parents who refuse to pay child support. We have to send a clear signal: No parent in America has a right to walk away from the responsibility to raise their children.

\* Third, welfare reform should discourage teen pregnancy and promote responsible parenting. We must discourage irresponsible behavior that lands people on welfare in the first place, with a national campaign against teen pregnancy that lets young people know it is wrong to have a child outside marriage. Nobody should get pregnant or father a child who isn't prepared to raise the child, love the child, and take responsibility for the child's future.

I know members of Congress in both parties care about this issue. But many aspects of the current House plan would do more harm than good. Instead of refusing to help teen mothers and their children, we should require them to turn their lives around -- to live at home with their parents, stay in school, and identify the child's father. We should demand responsible behavior from people on welfare, but it is wrong to make small children pay the price for their parents' mistakes.

\* Finally, welfare reform should give states more flexibility in return for more accountability. I believe we must give state far more flexibility so they can do the things they want to today without seeking waivers. But in its current form, H.R. 4 may impede rather than promote reform and flexibility. The block grants leave states vulnerable to economic recession and demographic change, putting working families at risk. States will have less money for child care, training, and other efforts to move people from welfare to work. And there will not be any accountability at the federal level for reducing fraud or protecting children. We won't achieve real reform or state flexibility if all Congress does is give the states more burdens and less money, and fail to make work and responsibility the law of the land.

While the current House plan is weak on work, it is very tough on children. Cutting school lunches and getting tough on disabled children and children in foster care is not my idea of welfare reform. We all have a national interest in promoting the well-being of our children and in putting government back in line with our national values.

Welfare reform should not be a cloak for some other purpose. The budget cuts in the current House plan would go neither toward moving people from welfare to work nor toward reducing the deficit, but would apparently be used to pay for tax cuts for the very wealthy. That's not welfare reform. The welfare problem in America is too important for more politics as usual.

I appreciate all the work that you have done on this issue, and I am pleased that the country is finally engaging in this important debate. In the end, I believe we can work it out together, as long as we remember the values this debate is really about. The dignity of work, the bond of family, and the virtue of responsibility are not Republican values or Democratic values. They're American values -- and no child in America should ever have to grow up without them.

Sincerely,

## MEMORANDUM

To: Bruce Reed  
From:  David T. Ellwood  
Subject: Presidential Letter

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The letter you have drafted is solid, but I think it can and should be stronger in several ways.

First it seems too conciliatory for this stage in the debate. This bill is so far from the mainstream that it will pass only by forcing reluctant Republicans to sign on. I think the President should express his opposition to the bill as written, because it fails to embody the critical principles of welfare reform that he has articulated.

In addition, while you emphasize the weak on work theme well, the tough on kids message is lost. I am surprised that you did not mention school lunch, under 18 cut offs, reduced child welfare etc. Now I know much of that is in the SAP and we want the President to be Presidential, but he needs to express more concern and greater opposition. Finally it sure would be nice if the President could be more definitive on entitlements.

I also think the dangers for states need to be better articulated. Here are some proposed edits to solve these problems.

After the second paragraph I'd add another:

"I have always sought to make welfare reform a bipartisan issue. I still believe it can and must be. Unfortunately, HR 1214 in its current form does not appear to offer the kind of real welfare reform that the public expects. It has far too little emphasis on getting people working and it is far too tough on children. I am deeply committed to state flexibility. My administration has granted more welfare reform waivers than all others put together. But the block grant approach in HR 1214 may harm states and interfere with their ability to generate real reforms."

Omit the line: without further improvement in the third paragraph of the second page.

Replace the paragraph that says finally with:

"Welfare reform should give states more flexibility in return for more accountability. I believe we must give states far more flexibility so they can do the things they want to today without seeking waivers. But the proposals in HR 1214 may impede rather than promote reform and flexibility. The block grants leave states vulnerable to economic recession and demographic change. Working poor families may have to be denied temporary aid if the state

falls into recession, since the block grant will not adjust. States will have less federal money for child care, training, and other programs that one would use to move people to work. And we will not have any accountability at the federal level for reducing fraud or protecting children. We won't achieve real reform...(from last sentence.)

Unfortunately, while the current House plan does little to really reform welfare with work, it is very tough on children. I continue to have serious concerns about cuts in school lunch programs, cuts in child care, cuts in child protective services, and I continue to oppose idea of punishing children born to unmarried mothers under 18. I worry about the changes contemplated in the program to protect disabled children. We all have a national interest in promoting the well-being of children and in putting government back in line with our national values."

EXECUTIVE OFFICE OF THE PRESIDENT

20-Mar-1995 10:37am

TO: Christopher J. Mustain  
FROM: Bruce N. Reed  
Domestic Policy Council  
CC: Charles S. Konigsberg  
Kenneth S. Apfel  
SUBJECT: Comments on 3/17 7pm Welfare SAP

I think you've done a terrific job of blending all this together into a clear, concise statement. Here are a few last thoughts that I talked to Ken about:

1. I would leave out both of DOJ's additions. The under-18 provision is much easier to attack on practical grounds, and the residency issue is an relatively minor point that the courts have not fully resolved.
2. We don't need a separate bullet on legal immigrants. If we must address the issue at all, we should do so in the state resources paragraph: "The broad denial of public assistance to legal immigrants would shift substantial burdens to state and local taxpayers. The Administration supports holding sponsors accountable for those they bring into this country and making a sponsor's commitment of support a legally binding contract. The Administration strongly believes that illegal immigrants should not be eligible for welfare."
3. In the state resources bullet, shouldn't we add "or population growth" after "funding would not adjust for recession"?
4. Instead of "Confuse the need for budget cuts with real welfare reform", it would be much clearer to call that bullet "Fail to use budget savings for real welfare reform or deficit reduction." (Sorry, that's my fault again.) I would also change the 3rd sentence to read "make short-term federal budget cuts" instead of "achieve short-term federal budget savings".
5. A very small point: is it possible to say "upper-income" instead of "higher-income"?
6. On HHS's Child Welfare point, Ken and I talked about using their paragraph, but not making it a separate bullet. It would work fine as the second paragraph under "Punish innocent children".

**Thanks!**

EXECUTIVE OFFICE OF THE PRESIDENT

17-Mar-1995 01:14pm

TO: Christopher J. Mustain  
FROM: Bruce N. Reed  
Domestic Policy Council  
CC: Charles S. Konigsberg  
Kenneth S. Apfel  
SUBJECT: Edits to Welfare SAP

Great job in turning this around so quickly. I have only a few changes.

p. 1, 3rd graph, last line: replace "embody" with "promote"

p. 1, 4th graph, 2nd sentence: Change to read "... HR4 would not end welfare as we know it by moving people from welfare to work." I also think this important sentence should be underlined, so that people who read the SAP don't skip ahead and only focus on the underlined "other concerns".

p. 1, 5th graph, last sentence: Change "a resource" to "any real responsibility". Add the clause "to move people off welfare and into work" at the end of the sentence, after "job placement".

p. 2, 1st graph, 3rd sentence: Change "further changes should be made to ensure etc" to "the bill must be strengthened to ensure that non-custodial parents uphold their responsibility to help support their children". This sentence is also very important, and should be underlined.

p. 2, 3rd graph, 1st sentence: Delete "In cases where teen pregnancy does occur". Change rest of sentence to read "The Administration believes minor mothers should receive benefits only when they make a serious effort to be responsible etc". Change "other parent" to "the child's father". (There is no such thing as identifying the mother.)

p. 2, 3rd graph, last sentence: change "born out-of-wedlock to parents" to "born to unwed parents".

p. 2, 1st indented bullet, last sentence: change "many Americans" to "working Americans".

p. 2, 2nd indented bullet: Change "punish children for their parents' mistakes" to "Punish innocent children". That was my

fault -- it implies that children are disabled because of their parents' mistakes.

p. 2, 2nd indented bullet: Fact check with HHS the 150,000 disabled children number. I put that in my version, but I can't vouch for its accuracy.

p. 2, 2nd indented bullet, last sentence: Change "is not established" to "is not established, even if the mother is cooperating fully and the state bureaucracy is at fault."

p. 3, 1st full bullet, 2nd sentence: Change "adjust for a recession" to "adjust for a recession or population growth".

p. 3, 2nd full bullet, last sentence: Replace the sentence "However, real and effective etc" with a new sentence: "However, the short-term budget savings in HR4 would go neither toward real welfare reform nor toward deficit reduction, but primarily to finance tax cuts for higher-income taxpayers."

p. 3, last paragraph, 1st sentence: Change second half of sentence to read "...in its current form, because it fails to reform welfare by moving people from welfare to work." Add a sentence, "The bill is not tough enough on parents who owe child support, and too tough on innocent children."

Thanks for spending so much time on this! I'm working on a Presidential cover letter to accompany this SAP, which I'll get to you later this afternoon.

EXECUTIVE OFFICE OF THE PRESIDENT

15-Mar-1995 04:52pm

TO: Christopher J. Mustain

FROM: Bruce N. Reed  
Domestic Policy Council

CC: Kenneth S. Apfel  
Jeremy D. Benami

SUBJECT: Comments on Welfare Reform SAP

I still strongly believe that we should save the SAP for Monday, when we can use it to get some good press attention, instead of throwing it into the mix at Rules. We may be able to claim some victories out of Rules -- if we get an amdt on licensing, for example -- and a SAP about why we oppose the bill will step on that story.

I would also recommend the following edits to the letter to emphasize more about what we're for. The President has worked very hard to strike a consistent, non-political, let's-get-something-done-here tone on this issue. The current draft does a good job of spelling out our problems with the Republican bill, but it doesn't say enough about what we're for instead.

Opening: "The Administration strongly supports the urgent need to enact real, effective welfare reform that promotes the basic values of work and responsibility. Last year, the President proposed a sweeping welfare reform proposal to the Congress, the Work and Responsibility Act of 1994, which embodied those values. It imposed tough work requirements while providing opportunities for education, job training, child care and supports to working people. It included the toughest child support enforcement measures ever put forward. It required teen mothers to live at home, stay in school, and identify their child's father. It dramatically increased state flexibility and accountability. And it maintained basic protections for children.

In all its welfare reform efforts, the Administration has emphasized the basic values of work, responsibility, and family. The President's economic plan cut taxes for 15 million working families as a way to reward work over welfare. Last month, the President issued an executive order to crack down on federal employees who owe delinquent child support. In the past two years, the Administration has granted waivers from federal rules to 25 states to try innovative new ways to promote work and

responsibility.

"The Administration remains committed to working with the Congress in a bipartisan way to pass bold welfare reform legislation this year. In its current form, however, H.R. 1214 falls short of the basic goals and values that most Americans without regard to party want welfare reform to achieve. The Administration seeks to end welfare as we know it by promoting work and responsibility, not by punishing children for their parents' mistakes. Welfare reform will succeed only if it successfully moves people from welfare to work.

#### WORK

For years, Republicans and Democrats alike have agreed that the central goal of welfare reform must be work. Work is at the core of the President's approach. Under the Administration's plan, if people needed help with education, training or child care in order to go to work, they could get it. But within two years, people who can work have to go to work, and get a paycheck, not a welfare check.

Unlike the legislation proposed by the Administration last year, HR 1214 would fail to move people from welfare to work, and would actually make it harder for many welfare recipients to enter the workforce... (rest of graph stays same)

In fact, HR 1214 gives the states a perverse incentive to cut people off welfare. It lets them count people as working if they were simply cut off the welfare rolls for any reason, whether or not they have moved into a job. It would also cut back on child care both for people trying to leave welfare and for working people who are trying to stay off welfare. The bill also repeals the JOBS etc. (rest of graph)

#### RESPONSIBILITY

The Administration believes that welfare reform must promote individual responsibility and responsible parenting. We should demand responsibility from parents who bring children into the world, not let them off the hook and expect taxpayers to pick up the tab for their neglect. And we must discourage irresponsible behavior that lands people on welfare in the first place.

The toughest possible child support enforcement is central to getting people off welfare and helping them stay off. Although the Administration appreciates that HR 1214 was amended... (rest of graph on child support)

Welfare reform must send a very strong message to young people that they should not get pregnant or father a child until they are ready to raise that child, love that child, and take responsibility for that child's future. The Administration's plan sends a clear

message to young men and women that mistakes have consequences and that they have a responsibility to turn their lives around. Minor mothers must live at home with their parents, stay in school, and identify the father of their children. We need a national campaign against teen pregnancy that sends a clear message about abstinence and responsible parenting.

Although differences between the House and the Administration have been narrowed considerably on the issue of assistance to teen mothers, the denial of benefits to children born to parents under 18 in HR 1214 still sends the wrong message to young people. It says: if you made a mistake, you're on your own, even if it means you're more likely to end up on welfare for life and cost the taxpayers more money down the road. The Administration believes that welfare reform should demand responsibility, not simply cut people off because they're young, unmarried, and made a mistake.

#### OTHER CONCERNS

The Administration has serious concerns about other aspects of the bill that would:

- \* Punish children for their parents mistakes. HR 1214 would deny benefits to hundreds of thousands of disabled children, and cut off all children whose parents have received welfare more than five years, whether they're able to work or not. Rather than letting states decide for themselves whether to deny additional benefits for additional children born to a mother on welfare, HR 1214 mandates a one-size-fits-all federal approach. Many children could well be pushed into a (Rest of graph on punish children unfairly...)

- \* Jeopardize the health of children and families (no changes)

- \* Leave states with inadequate resources... Add the following sentences at the end of that graph: "The Administration strongly supports increased state flexibility, and has already granted waivers to half the states for innovative welfare reform demonstrations. National welfare reform should promote the national values of work and responsibility in a way that assures taxpayers that federal money is being spent wisely.

- \* Confuse the need for budget cuts with the need for real welfare reform. Many aspects of HR 1214 are designed to achieve short-term federal budget savings -- rather than real welfare reform -- at the expense of states and communities in the short run and all taxpayers in the long run. The Administration strongly supports welfare reform, and cutting the deficit. But Congress should not mix up the two or pretend that one is the other.

SORRY FOR ALL THE ADDITIONS -- I FEEL STRONGLY THAT WE MUST GET

OUR POSITIVE MESSAGE OUT. THANKS.

EXECUTIVE OFFICE OF THE PRESIDE  
EXECUTIVE OFFICE OF THE PRESIDE

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NT

17-Mar-1995 07:15pm

TO: (See Below)  
FROM: Christopher J. Mustain  
Office of Mgmt and Budget, LRD  
SUBJECT: Latest draft of welfare SAP

NOTE: THIS DRAFT INCLUDES PROPOSED INSERTS FROM HHS AND JUSTICE (I made stylistic edits). PLEASE PROVIDE A COORDINATED RESPONSE ON MONDAY AS TO WHAT PIECES SHOULD BE INCLUDED. THANKS.

PRELIMINARY DRAFT

March 17, 1995  
(House)

H.R. 4 - Personal Responsibility Act of 1995  
(Shaw (R) FL and 122 cosponsors)

The Administration strongly supports the need to enact real and effective welfare reform that promotes the basic values of work and responsibility. Last year, the President proposed a sweeping welfare reform proposal that embodied these values. It imposed tough work requirements while providing opportunities for education, job training

child care, and support to working people. It included tough child support enforcement measures. It required teen mothers to live at home, stay in school, and identify their child's father. It increased State flexibility and accountability. It maintained protections for children.

In all its welfare reform efforts, the Administration has emphasized the basic values of work and responsibility. The President's economic plan expanded the earned income tax credit, which cut taxes for 15 million working families to reward work over welfare. Last month, the President issued an Executive Order to crack down on Federal employees and

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military personnel who owe delinquent child support. In the past two years, the Administration has granted waivers from Federal rules to 25 States to try innovative new ways to promote work and responsibility.

The Administration remains committed to working with the Congress in a bipartisan way to pass bold welfare reform legislation this year. In its current form, however, H.R. 4 falls short of the basic goals and values that most Americans want welfare reform to promote.

WORK

Republicans and Democrats alike agree that the central goal of welfare reform must be work. <sup>and move</sup> Unlike the legislation proposed by the Administration last year, however, H.R. 4 would not end welfare as we know it ~~by moving people from welfare to work~~. The bill provides neither the resources nor the requirements for States to prepare welfare

recipients to become self-supporting. H.R. 4 would not ensure that adequate child care, education, and training are provided to make work pay and give welfare recipients the skills to hold a job.

In fact, H.R. 4 would give States a perverse incentive to cut people off welfare. It would allow States to count people as working if they were simply cut off the welfare rolls, whether or not they have moved into a job. It also would cut back on child care both for people trying to leave welfare and for working people who are trying to stay off welfare.

Finally, it would repeal the Job Opportunities and Basic Skills program, removing any real responsibility for States to provide job search assistance, education, training, and job placement to move people off welfare and into work.

[NOTE: HHS SUGGESTS ADDING THE FOLLOWING PARAGRAPH]

In addition, H.R. 4 would eliminate the child care guarantee for families moving from welfare to work and would cap overall funding for child care at a level that could force large numbers of working families to lose child care assistance. The bill also would eliminate child care quality, health, and safety protections that are critical to children's well-being.

#### RESPONSIBILITY

The Administration believes that welfare reform must promote individual responsibility and responsible parenting. The toughest possible child support enforcement is central to getting people off welfare and helping them stay off. Although the Administration appreciates that many of its

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proposals to increase child support collection have been included in H.R. 4, the bill must be strengthened to ensure that non-custodial parents uphold their responsibility to help support their children. T

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Administration supports requiring States to deny drivers and other professional licenses to parents who refuse to pay child support. This approach has proven very successful in States that have already implemented such requirements.

Welfare reform must also send a strong message to young people that they should not get pregnant or father a child until they are ready to take responsibility for that child's future. The President has called for a national campaign against teen pregnancy that sends a clear message about abstinence and responsible parenting.

The Administration believes that minor mothers should receive benefits only when they make a serious effort to be responsible and turn their lives around -- by living at home, staying in school, and identifying the child's father. In contrast, H.R. 4 would punish innocent children

by denying benefits to those born to unwed parents under age 18. This provision not only would send the wrong message about responsibility, but [NOTE: JUSTICE SUGGESTS ADDING THE FOLLOWING CLAUSE TO THE END OF THIS PARAGRAPH] would raise constitutional concerns regarding discrimination on the basis of illegitimacy.

The Administration has serious concerns about other aspects of H.R. 4 that would:

o Jeopardize the health and nutrition of children, families, and the

elderly. H.R. 4 would cut the Food Stamp program dramatically and cap spending levels. The bill would further erode the nutritional safety net by cutting funding and creating block grants to replace existing child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children. These programs have produced significant and measurable improvements in health outcomes among the many who participate in them. H.R. 4 would eliminate national nutrition standards and the funding mechanisms that permit these programs to expand to meet the increased needs that occur in times of economic downturn. These changes would leave working Americans vulnerable to shifts in the

economy and to changes in nutrition standards that could be driven more by budgets than the health of children and mothers.

- o Punish innocent children. H.R. 4 would deny cash benefits to over 150,000 disabled children. The bill also would cut off children whose parents have received welfare more than five years, whether the parent is able to work or not. Rather than letting States decide whether to deny benefits for additional children born to a mother on welfare, H.R. 4 would impose a one-size-fits-all Federal mandate. Benefits also would be reduced for 3.3 million children whose paternity is not established, even if the mother is cooperating fully and the State bureaucracy is at fault.

Many of these children could well be pushed into a child protection system that is already overburdened and often fails to provide essential services. Moreover, rather than increasing funds to protect children, H.R. 4 would cut funding for foster care and adoption assistance and almost eliminate Federal oversight of State child protection systems -- many of which are acknowledged to be functioning very poorly.

[NOTE: HHS SUGGESTS REPLACING THE PRECEDING PARAGRAPH WITH THE FOLLOWING NEW BULLET]

- o Reduce Protections for Abused and Neglected Children. H.R. 4 would cut funding for foster care, adoption assistance, and child abuse prevention activities. It also would virtually eliminate Federal oversight of State child protective systems, many of which are acknowledged to be functioning very poorly. As a result, thousands of children will be at increased risk of harm. The Administration is strongly committed to providing protection to the millions of children who are abused or neglected each year and to promoting programs that prevent abuse or neglect.

[NOTE: HHS SUGGESTS INSERTING THE FOLLOWING NEW BULLET]

- o Cut off benefits to legal immigrants. The Administration strongly believes that illegal immigrants should not be eligible for government welfare support. However, the broad denial of major public assistance programs, including Medicaid to most legal immigrants, is too broad and would shift substantial burdens to State and local taxpayers. [Legal immigrants are required to pay taxes and contribute to their communities.] The Administration supports holding sponsors accountable for those they bring into this country and making a sponsor's commitment of support a legal binding contract.

TEXT  
OK,  
BUT NO  
SEPARATE  
BULLET

NO -  
or at least  
make it  
the last  
bullet

- o Leave States with inadequate resources and limited flexibility.  
H.R. 4 would replace the Aid to Families with Dependent Children program with block grants to States. In contrast to the funding mechanisms now in place, block grant funding would not adjust for recession, <sup>or population growth</sup> Without such an adjustment, States in recession would encounter reduced revenues and increased caseloads. In such time it is the working poor who would most likely need, but not

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receive, temporary welfare assistance. Thus, individuals needing a temporary lift could be left without cash assistance, child care, or even school lunches for their children. They also could face reduced Food Stamp benefits.

- o ~~Fail to use budget savings for either real welfare reform or deficit reduction.~~  
o ~~Confuse the need for budget cuts with real welfare reform.~~ Nation

welfare reform should promote work and responsibility in a way th

assures taxpayers that Federal money is being spent wisely. H.R. 4, however, would ~~achieve~~ <sup>make</sup> short-term Federal budget ~~savings~~ <sup>cuts</sup> at th

expense of States and communities and the long-term national interest. The Administration strongly supports welfare reform an

reducing the deficit. However, the short-term budget savings in H.R. 4 would go neither toward real welfare reform nor toward deficit reduction, but purportedly to finance tax cuts for higher-income taxpayers.

[NOTE: JUSTICE SUGGESTS ADDING THE FOLLOWING BULLET]

- o Authorize States to discriminate on the basis of length of residency. H.R. 4 would allow States to base a new resident's benefits on their previous State of residence. Such State laws would likely violate the Equal Protection Clause and penalize impermissibly the constitutional right to travel.

The Administration, therefore, opposes H.R. 4 in its current form, because it would fail to reform welfare by moving people from welfare work. The bill would reduce Federal funding in ways that would impair the health and nutrition of children and families and undercut attempt to move welfare recipients from welfare to work. The bill is not tough enough on parents who owe child support, and too tough on innocent children. In addition, it would be particularly unwise to make such reductions to finance a tax cut for higher-income taxpayers.

[NOTE: ONLY ONE OF THE FOLLOWING TWO PARAGRAPHS IS TO BE INCLUDED IN THE SAP]

#### Pay-As-You-Go Scoring

H.R. 4 specifies that none of the changes in direct spending resulting from the bill shall be reflected in estimates under the Balanced Budget and Emergency Deficit Control Act of 1985.

#### Estimated Programmatic Impact

Preliminary estimates indicate that H.R. 4 would reduce low income programs by approximately \$69 billion below the OMB baseline in FYs 1996-2000.

**OFFICE OF MANAGEMENT AND BUDGET**

*Legislative Reference Division  
Labor - Welfare - Personnel Branch*

**Facsimile Transmittal Sheet****FROM: Chris Mustain****DATE:**3/17**PHONE: 395-3923****FAX: 395-6148****TO: KEN APFEL / BRUCE REED / CHUCK KONIGSBERG****TIME:**4:30**PAGES SENT (including transmittal sheet):**4**COMMENTS:**

Attached are the HHS edits to the BAP on HR 4, as discussed in my e-mail to you.

**PLEASE CALL THE PERSON(S) NAMED ABOVE FOR IMMEDIATE PICK-UP.**

**DRAFT**March 17, 1995  
(House)H.R. 1214 - Personal Responsibility Act of 1995  
(Archer (R) TX and 2 cosponsors)

The Administration strongly supports the need to enact real and effective welfare reform that promotes the basic values of work and responsibility. Last year, the President proposed a sweeping welfare reform proposal that embodied these values. It imposed tough work requirements while providing opportunities for education, job training, child care, and support to working people. It included tough child support enforcement measures. It required teen mothers to live at home, stay in school, and identify their child's father. It increased State flexibility and accountability. It maintained protections for children.

In all its welfare reform efforts, the Administration has emphasized the basic values of work and responsibility. The President's economic plan expanded the earned income tax credit, which cut taxes for 15 million working families to reward work over welfare. Last month, the President issued an Executive Order to crack down on Federal employees and military personnel who owe delinquent child support. In the past two years, the Administration has granted waivers from Federal rules to 25 States to try innovative new ways to promote work and responsibility.

The Administration remains committed to working with the Congress in a bipartisan way to pass bold welfare reform legislation this year. In its current form, however, H.R. 1214 falls short of the basic goals and values that most Americans want welfare reform to embody.

**WORK**

Republicans and Democrats alike agree that the central goal of welfare reform must be work. Unlike the legislation proposed by the Administration last year, however, H.R. 1214 would not facilitate moving welfare recipients into the workforce. The bill provides neither the resources nor the requirements for States to prepare welfare recipients to become self-supporting. H.R. 1214 would not ensure that adequate child care, education, and training are provided to make work pay and give welfare recipients the skills to hold a job.

In fact, H.R. 1214 would give States a perverse incentive to cut people off welfare. It would allow States to count people as working if they were simply cut off the welfare rolls, whether or not they have moved into a job. It also would cut back on child care both for people trying to leave welfare and for working people who are trying to stay off welfare. Finally, it would repeal the Job Opportunities and Basic Skills program, removing a resource for States to provide job search assistance, education, training, and job placement.

Insert #1 (attached)

→ Insert # 2 (attached)

Many of these children could well be pushed into a child protection system that is already overburdened and often fails to provide essential services. Moreover, rather than increasing funds to protect children, H.R. 1214 would cut funding for foster care and adoption assistance and almost eliminate Federal oversight of State child protection systems - many of which are acknowledged to be functioning very poorly.

- o Leave States with inadequate resources and limited flexibility. H.R. 1214 would also replace the Aid to Families with Dependent Children program with block grants to States. In contrast to the funding mechanisms now in place, block grant funding would not adjust for a recession. Without such an adjustment, States in recession would encounter reduced revenues and increased caseloads. In such times, it is the working poor who would most likely need, but not receive, temporary welfare assistance. Thus, individuals needing a temporary lift could be left without cash assistance, child care, or even school lunches for their children. They also could face reduced Food Stamp benefits.
- o Confuse the need for budget cuts with real welfare reform. National welfare reform should promote work and responsibility in a way that assures taxpayers that Federal money is being spent wisely. H.R. 1214, however, would achieve short-term Federal budget savings at the expense of States and communities and the long-term national interest. The Administration strongly supports welfare reform and reducing the deficit. However, real and effective welfare reform should not be confused with short-term budget savings.

The Administration therefore opposes H.R. 1214, in its current form, because it would fail to implement real and effective welfare reform. The bill would reduce Federal funding in ways that would impair the health and nutrition of children and families and undercut attempts to move welfare recipients from welfare to work. In addition, it would be particularly unwise to make such reductions to finance a tax cut for higher-income taxpayers.

Pay-As-You-Go Scoring

(to be added)

\* \* \* \* \*

① Please add the following as a separate paragraph after the last paragraph on page one (1):

H.R. 1214 would have a serious effect on child care support for both welfare families moving towards self-sufficiency and low income working families. It would eliminate the child care guarantee for families moving from welfare to work and would cap overall funding for child care at a level that could force large numbers of working families to lose child care assistance. Furthermore, it would eliminate quality provisions and health and safety protections that are critically important to child well-being.

② Please replace the first paragraph on page three (3) with the following two bullet points:

o Reduce Protections for Abused and Neglected Children

The Administration also is very concerned with the proposed changes that effect the child protection system. The Administration is strongly committed to providing protection to the millions of children who are abused or neglected each year and to promoting programs that prevent abuse or neglect. H.R. 1214 would cut funding for foster care and adoption assistance, and for child abuse prevention activities. It would virtually eliminate Federal oversight of State child protective systems, many of which are acknowledged to be functioning very poorly. As a result, thousands of children will be at increased risk of harm.

Cutting off benefits to legal immigrants

The Administration strongly believes that illegal immigrants should not be eligible for government welfare support. However, the broad denial of major public assistance programs including Medicaid to most legal immigrants is too broad, and would shift substantial burdens to state and local taxpayers. These legal immigrants are required to pay taxes and contribute to their communities. The Administration favors a more focused approach of holding sponsors accountable for those they bring into this country and making sponsor's commitment of support a legally binding contract.

March , 1995  
(House)

PRELIMINARY DRAFT--NOT FOR CIRCULATION

H.R. 1214 - Personal Responsibility Act of 1995  
(Archer (R) TX and 2 cosponsors)

The Administration strongly supports the need to enact real and effective welfare reform that promotes the basic values of work and responsibility. Last year, the President proposed a sweeping welfare reform proposal that embodied these values. It imposed tough work requirements while providing opportunities for education, job training, child care, and support to working people. It included tough child support enforcement measures. It required teen mothers to live at home, stay in school, and identify their child's father. It increased State flexibility and accountability. It maintained protections for children.

In all its welfare reform efforts, the Administration has emphasized the basic values of work and responsibility. The President's economic plan expanded the earned income tax credit, which cut taxes for 15 million working families to reward work over welfare. Last month, the President issued an Executive Order to crack down on Federal employees and military personnel who owe delinquent child support. In the past two years, the Administration has granted waivers from Federal rules to 25 States to try innovative new ways to promote work and responsibility.

The Administration remains committed to working with the Congress in a bipartisan way to pass bold welfare reform legislation this year. In its current form, however, H.R. 1214 falls short of the basic goals and values that most Americans want welfare reform to embody.

WORK

Republicans and Democrats alike agree that the central goal of welfare reform must be work. Unlike the legislation proposed by the Administration last year, however, H.R. 1214 would not facilitate moving welfare recipients into the workforce. The bill provides neither the resources nor the requirements for States to prepare welfare recipients to become self-supporting. H.R. 1214 would not ensure that adequate child care, education, and training are provided to make work pay and give welfare recipients the skills to hold a job.

In fact, H.R. 1214 would give States a perverse incentive to cut people off welfare. It would allow States to count people as working if they were simply cut off the welfare rolls, whether or not they have moved into a job. It also would cut back on child care both for people trying to leave welfare and for working people who are trying to stay off welfare. Finally, it would repeal the Job Opportunities and Basic Skills program, removing a resource for States to provide job search assistance, education, training, and job placement.

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## RESPONSIBILITY

The Administration believes that welfare reform must promote individual responsibility and responsible parenting. The toughest possible child support enforcement is central to getting people off welfare and helping them stay off. Although the Administration appreciates that many of its proposals to increase child support collection have been included in H.R. 1214, ~~further changes should be made~~ <sup>the bill must be strengthened</sup> to ensure that non-custodial parents help support their children. The Administration supports requiring States to deny drivers and other professional licenses to parents who refuse to pay child support. This approach has proven very successful in States that have already implemented such requirements.

Welfare reform must also send a strong message to young people that they should not get pregnant or father a child until they are ready to take responsibility for that child's future. The President has called for a national campaign against teen pregnancy that sends a clear message about abstinence and responsible parenting.

~~In cases where teen pregnancy does occur,~~ <sup>Other mothers</sup> The Administration believes ~~that benefits should be available only when young parents make a serious effort to be responsible and turn their lives around -- by living at home, staying in school, and identifying the other parent.~~ <sup>shifts father</sup> By contrast, H.R. 1214 would simply punish innocent children -- by denying benefits to children born ~~out of wedlock~~ <sup>to</sup> parents under age 18.

The Administration has serious concerns about other aspects of H.R. 1214 that would:

- o Jeopardize the health and nutrition of children, families, and the elderly. H.R. 1214 would cut the Food Stamp program dramatically and cap spending levels. The bill would further erode the nutritional safety net by cutting funding and creating block grants to replace existing child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children. These programs have produced significant and measurable improvements in health outcomes among the many who participate in them. H.R. 1214 would eliminate national nutrition standards and the funding mechanisms that permit these programs to expand to meet the increased needs that occur in times of economic downturn. These changes would leave <sup>many</sup> Americans vulnerable to shifts in the economy and to changes in nutrition standards that could be driven more by budgets than the health of children and mothers.
- o Punish children [for their parents' mistakes]. H.R. 1214 would deny cash benefits to over (50,000) disabled children. The bill also would cut off children whose parents have received welfare more than five years, whether the parent is able to work or not. Rather than letting States decide whether to deny benefits for additional children born to a mother on welfare, H.R. 1214 would impose a one-size-fits-all Federal mandate. Benefits also would be reduced for children whose paternity is not established, <sup>even if the state bureaucracy is at fault.</sup>

*with no ability to cooperate and*

Many of these children could well be pushed into a child protection system that is already overburdened and often fails to provide essential services. Moreover, rather than increasing funds to protect children, H.R. 1214 would cut funding for foster care and adoption assistance and almost eliminate Federal oversight of State child protection systems -- many of which are acknowledged to be functioning very poorly.

- o Leave States with inadequate resources and limited flexibility. H.R. 1214 would also replace the Aid to Families with Dependent Children program with block grants to States. In contrast to the funding mechanisms now in place, block grant funding would not adjust for a recession. Without such an adjustment, States in recession would encounter reduced revenues and increased caseloads. In such times, it is the working poor who would most likely need, but not receive, temporary welfare assistance. In addition, individuals needing a temporary lift could be left without cash assistance, child care, or even school lunches for their children. They also could face reduced Food Stamp benefits.

*o populi growth*

- o Confuse the need for budget cuts with real welfare reform. National welfare reform should promote work and responsibility in a way that assures taxpayers that Federal money is being spent wisely. However, many aspects of H.R. 1214 would achieve short-term Federal budget savings at the expense of States and communities and the long-term national interest. The Administration strongly supports welfare reform and reducing the deficit. However, real and effective welfare reform should not be confused with short-term budget savings. *that to pay for without to pay for*

The Administration therefore opposes H.R. 1214, in its current form, because it would fail to implement real and effective welfare reform. The bill would reduce Federal funding in ways that would impair the health and nutrition of children and families and undercut attempts to move welfare recipients from welfare to work. In addition, it would be particularly unwise to make such reductions to finance a tax cut for higher-income taxpayers.

*the people from*

Pay-As-You-Go Scoring

(to be filled in)

*that would not*  
But the savings in HR 4 would go neither toward real WR nor toward deficit reduction, but for to finance tax cuts for higher income

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---

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
Washington, D.C. 20503-0001

LRM NO: 663

FILE NO: 15

3/14/95

## LEGISLATIVE REFERRAL MEMORANDUM

Total Page(s): 5

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TO: Legislative Liaison Officer - See Distribution below:  
FROM: Janet FORSGREN (for) *Janet R. Forsgren*  
Assistant Director for Legislative Reference  
OMB CONTACT: Chris MUSTAIN 395-3923  
Legislative Assistant's line (for simple responses): 395-7362  
SUBJECT: Proposed Statement of Administration Policy RE: HR1214, Personal Responsibility Act of 1995

**URGENT**

**DEADLINE:** ~~TODAY 4:30 pm Tuesday, March 14, 1995~~

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President.

Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

**COMMENTS:** We expect HR 1214 to be considered by the House Rules Committee on Thursday, March 16th. HR 1214 includes legislative language from HR 1157, HR 1135, and HR 999 - the welfare reform bills from the Ways and Means, Agriculture, and Economic and Educational Opportunities committees, respectively.

**URGENT**

**LEGISLATIVE REFERRAL MEMORANDUM**  
**Distribution List**

LRM NO: 663

FILE NO: 15

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 Janet Forsgren

**RESPONSE TO  
LEGISLATIVE REFERRAL MEMORANDUM**

**LRM NO: 683  
FILE NO: 15**

If your response to this request for views is simple (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet.

If the response is simple and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

- (1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or
- (2) sending us a memo or letter.

Please include the LRM number shown above, and the subject shown below.

**TO: Chris MUSTAIN 395-3923**  
**Office of Management and Budget**  
**Fax Number: 395-6148**  
**Branch-Wide Line (to reach legislative assistant): 395-7362**

**FROM:** \_\_\_\_\_ (Date)  
 \_\_\_\_\_ (Name)  
 \_\_\_\_\_ (Agency)  
 \_\_\_\_\_ (Telephone)

**SUBJECT: Proposed Statement of Administration Policy RE: HR1214, Personal Responsibility Act of 1995**

The following is the response of our agency to your request for views on the above-captioned subject:

- \_\_\_\_\_ Concur
- \_\_\_\_\_ No Objection
- \_\_\_\_\_ No Comment
- \_\_\_\_\_ See proposed edits on pages \_\_\_\_\_
- \_\_\_\_\_ Other: \_\_\_\_\_
- \_\_\_\_\_ FAX RETURN of \_\_\_\_\_ pages, attached to this response sheet

**DRAFT**March 14, 1995  
(House Rules)H.R. 1214 - Personal Responsibility Act of 1995  
(Archer (R) TX and 2 cosponsors)

The Administration is committed to reforming the welfare system. Last year, the President proposed a sweeping welfare reform plan to the Congress. In the past two years, the Administration has also granted waivers from Federal welfare rules to 25 States -- giving States the flexibility to try new ideas. Earlier this month, the President issued an executive order to crack down on Federal employees who owe delinquent child support. In all its welfare reform efforts, the Administration has emphasized the basic values of work, education, parental responsibility, State flexibility, and the protection of children. The Administration will continue to work with the Congress to enact welfare reform legislation that protects these values and ends welfare as we know it.

H.R. 1214, however, fails in many respects to support these basic values. The Administration opposes the bill because it would:

- o Fail to move people from welfare to work. Unlike the legislation proposed by the Administration last year, H.R. 1214 would make it harder for many welfare recipients to enter the workforce. The bill provides neither the resources nor the requirements for States to prepare welfare recipients to become self-supporting. H.R. 1214 would not ensure that adequate child care, health care, education, and training are provided to make work pay and give individuals the skills to leave welfare and hold a job.

MORE ON  
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FOR

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In fact, H.R. 1214 would eliminate the child care guarantee for welfare recipients entering the workforce and allow States to count people as working by simply cutting them off the welfare rolls. The bill also repeals the Job Opportunities and Basic Skills program, removing any real responsibility for States to provide job search assistance, education, training, and job placement.

- o Punish children unfairly. H.R. 1214 would deny benefits: to children born to parents under age 18; to additional children born to a mother on welfare; to children of parents who have received welfare more than five years; and to many disabled children. Some of these children could well be pushed into a child protection system that is already overburdened and that often fails to provide essential services. But rather than increasing funds to protect children, H.R. 1214 would cut funding for foster care and adoption assistance and eliminate Federal oversight of State child protection systems -- many of which are acknowledged to be functioning very badly.

Main supports program  
state provisions  
family cap state option

**DRAFT**

- o Jeopardize the health of children and families. H.R. 1214 would cut funding and create block grants in place of child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). These programs have produced significant and measurable nutrition outcomes among those who participate in them. H.R. 1214 would eliminate national nutrition standards. It would also eliminate the funding mechanisms that permit these programs to expand to meet the increased needs that occur in times of recession or economic downturn. These changes would leave many Americans vulnerable to shifts in the economy and to changes in nutrition standards that could be driven more by State budgets than the health of children and mothers.
- o Leave States with inadequate resources in times of economic downturn. H.R. 1214 would also replace the Aid to Families with Dependent Children program with block grants to States. In contrast to the Federal shared system now in place, the block grants do not make adjustments for recession or population growth. Without such adjustments, States could face serious problems, particularly during a recession. During a recession, States could encounter reduced revenues and increased caseloads. In such times, it is the working poor who would most likely need temporary welfare assistance. Under H.R. 1214, Federal funds would not rise to meet this demand -- individuals needing a temporary lift could be left without cash assistance, child care, or even school lunches for their children.
- o Fail to utilize proven strategies to collect delinquent child support. Although the Administration appreciates that H.R. 1214 was amended to include many provisions proposed by the Administration to increase child support collections, further changes should be made to ensure that non-custodial parents help raise their children. The Administration supports requiring States to deny drivers and other professional licenses to parents who refuse to pay child support. This approach has proven very successful in States that have already implemented such requirements.

#### Pay-As-You-Go Scoring

H.R. 1214 would decrease direct spending; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate for this bill is presented in the table below. Final scoring of this legislation may deviate from these estimates.

#### Estimates for Pay-As-You-Go ( \$ in millions)

	1995	1996	1997	1998	1995-1998
Outlays					

\* \* \* \* \*

## HHS Comments on the SAP

•Page one, the second paragraph, move the second sentence to the end of the paragraph. Add "The Clinton Administration collected a record 9 billion dollars in child support in 1993 and expects to collect 10 billion in 1994."

•Please add the following as a third paragraph in the first bullet on page one:

"HR 1214 would have a serious effect on child care support for both welfare families moving towards self-sufficiency and low income working families. It would eliminate the child care guarantee for families moving from welfare to work and would cap overall funding for child care at a level that could force large numbers of working families to lose child care assistance. Furthermore, it would eliminate quality provision and health and safety protections that are critically important to child well-being."

•On page 2, the second paragraph should read, "In addition, the provision to deny benefits to children born to unmarried parents under age 18..."

•Page 2, first bullet, add a sentence on food stamps

•Second bullet on page 2, second sentence should read, "In contrast to the funding mechanisms now in place, block grant funding would not adjust for recession or demographic changes."

•Page 2, last bullet should be deleted. The Archer Bill actually does quite a bit to encourage EBT--including exempting EBT from Reg E.

H.R. 1214 - Personal Responsibility Act of 1995  
(Archer (R) TX and 2 cosponsors)

The Administration supports real and effective welfare reform. Real welfare reform should: (1) create incentives to move people from welfare to work; (2) provide adequate education, training, and child care to enable welfare recipients to become self-supporting; (3) encourage and enforce parental responsibility; (4) protect the health and nutrition of children, and (5) protect States from new unfunded burdens and enhance State flexibility to develop their own welfare-to-work programs.

In order to meet these five essential goals, the Administration has proposed sweeping legislative reforms and taken several administrative actions.

Last year, the President proposed a sweeping welfare reform plan to the Congress which would [fill in two or three sentences summarizing how last year's bill meets the 5 goals].

In addition, concrete steps have already been taken administratively to implement the Administration welfare reform program. In order to encourage parental responsibility, last month, the President issued an executive order to crack down on Federal employees and members of the military who owe delinquent child support. In order to promote State flexibility, the Administration has granted waivers from Federal welfare rules to 25 States -- giving States the flexibility to try new ideas.

Although H.R. 1214 reflects the general goal of reforming the welfare system, the bill would fail to meet the five essential goals of real and effective welfare reform in several respects:

- o H.R. 1214 fails to provide adequate incentives to move people from welfare to work and would fail to provide essential education, training and child care to make welfare recipients self-supporting. H.R. 1214 provides neither the resources nor the requirements for States to prepare welfare recipients to become self-supporting. The bill would not ensure that adequate child care, health care, education, and training are provided to make work pay and give individuals the skills to leave welfare and hold a job. In fact, H.R. 1214 would eliminate the child care guarantee for welfare recipients entering the workforce and allow States to count people as working by simply cutting them off the welfare rolls. The bill also would repeal the Job Opportunities and Basic Skills program, removing any real responsibility for States to provide job search assistance, education, training, and job placement.

- o H.R. 1214 fails to protect the health and nutrition of children. Welfare reforms should be adopted to discourage teenage pregnancy and illegitimacy -- but without punishing children born into difficult circumstances through no fault of their own. The Administration is seeking to address these very real problems by [fill in].

Unfortunately, H.R. 1214 would address teenage pregnancy and illegitimacy by reducing funds needed to protect the health and nutrition of children. Benefits would be denied to: (1) children born to parents under age 18; (2) additional children born to a mother on welfare; (3) children of parents who have received welfare for more than five years; and (4) many disabled children.

Some of these children could well be pushed into a child protection system that is already overburdened and often fails to provide essential services. Moreover, H.R. 1214 would cut funding for foster care and adoption assistance and eliminate Federal oversight of State child protection systems -- many of which are acknowledged to be functioning very badly.

In addition, the bill would cut funding and create block grants to replace existing child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC). These programs have produced significant and measurable improvements in nutrition outcomes among those who participate in them. H.R. 1214 would eliminate national nutrition standards. It would also eliminate the funding mechanisms that permit these programs to expand to meet the increased needs that occur in times of recession or economic downturn. These changes would leave many Americans vulnerable to shifts in the economy and to changes in nutrition standards that could be driven more by State budgets than the health of children and mothers.

[DOJ language: Moreover, the provision to deny cash benefits to children born to parents under age 18 raises constitutional concerns regarding discrimination on the basis of illegitimacy.]

- o <sup>H.R. 1214</sup> Leaves States with new, unfunded responsibilities which will burden State budgets and limit flexibility. H.R. 1214 would also replace the Aid to Families with Dependent Children program with block grants to States. In contrast to the funding mechanisms now in place, block grant funding would not adjust for recession. Without such an adjustment, States in recession would encounter reduced revenues and increased caseloads. In such times, it is the working poor who would most likely need temporary welfare assistance. Under H.R. 1214, Federal funds would not increase to meet this demand -- individuals needing a temporary lift could be left without cash assistance, child care, or even school lunches for their children.

- o <sup>H.R. 1214</sup> Doesn't go far enough in collecting delinquent child support.  
o Although the Administration appreciates that H.R. 1214 was amended

to include many of its proposals to increase child support collection, further changes should be made to ensure that non-custodial parents help raise their children. The Administration supports requiring States to deny drivers and other professional licenses to parents who refuse to pay child support. This approach has proven very successful in States that have already implemented such requirements.

In summary -- the Administration opposes H.R. 1214 -- in its current form -- because it would fail to implement real and effective welfare reform; and would reduce Federal funding in ways which would impair the health and nutrition of children and undercut attempts to move welfare recipients from welfare to work. In addition, it would be particularly unwise to make such cuts to finance a tax cut for higher-income taxpayers.

Pay-As-You-Go Scoring

H.R. 1214 would decrease direct spending; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate for this bill is presented in the table below. Final scoring of this legislation may deviate from these estimates.

	<u>Estimates for Pay-As-You-Go</u>				
	(\$ in millions)				
	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1995-1998</u>
Outlays					
Receipts					
Net Deficit Effect					

\* \* \* \* \*

EXECUTIVE OFFICE OF THE PRESIDENT

15-Mar-1995 02:11pm

TO: Christopher J. Mustain

FROM: Bruce N. Reed  
Domestic Policy Council

CC: Kenneth S. Apfel  
CC: Jeremy D. Benami

SUBJECT: Comments on Welfare Reform SAP

I still strongly believe that we should save the SAP for Monday, when we can use it to get some good press attention, instead of throwing it into the mix at Rules. We may be able to claim some victories out of Rules -- if we get an amdt on licensing, for example -- and a SAP about why we oppose the bill will step on that story.

I would also recommend the following edits to the letter to emphasize more about what we're for. The President has worked very hard to strike a consistent, non-political, let's-get-something-done-here tone on this issue. The current draft does a good job of spelling out our problems with the Republican bill, but it doesn't say enough about what we're for instead.

Opening: "The Administration strongly supports the urgent need to enacts real, effective welfare reform that promotes the basic values of work and responsibility. Last year, the President proposed a sweeping welfare reform proposal to the Congress, the Work and Responsibility Act of 1994, which embodied those values. It imposed tough work requirements while providing opportunities for education, job training, child care and supports to working people. It included the toughest child support enforcement measures ever put forward. It required teen mothers to live at home, stay in school, and identify their child's father. It dramatically increased state flexibility and accountability. And it maintained basic protections for children.

In all its welfare reform efforts, the Administration has emphasized the basic values of work, responsibility, and family. The President's economic plan cut taxes for 15 million working families as a way to reward work over welfare. Last month, the President issued an executive order to crack down on federal employees who owe delinquent child support. In the past two years, the Administration has granted waivers from federal rules

to 25 states to try innovative new ways to promote work and responsibility.

"The Administration remains committed to working with the Congress in a bipartisan way to pass bold welfare reform legislation this year. In its current form, however, H.R. 1214 falls short of the basic goals and values that most Americans without regard to party want welfare reform to achieve. The Administration seeks to end welfare as we know it by promoting work and responsibility, not by punishing children for their parents' mistakes. Welfare reform will succeed only if it successfully moves people from welfare to work.

#### WORK

For years, Republicans and Democrats alike have agreed that the central goal of welfare reform must be work. Work is at the core of the President's approach. Under the Administration's plan, if people needed help with education, training or child care in order to go to work, they could get it. But within two years, people who can work have to go to work, and get a paycheck, not a welfare check.

Unlike the legislation proposed by the Administration last year, HR 1214 would fail to move people from welfare to work, and would actually make it harder for many welfare recipients to enter the workforce... (rest of graph stays same)

In fact, HR 1214 gives the states a perverse incentive to cut people off welfare. It lets them count people as working if they were simply cut off the welfare rolls for any reason, whether or not they have moved into a job. It would also cut back on child care both for people trying to leave welfare and for working people who are trying to stay off welfare. The bill also repeals the JOBS etc. (rest of graph)

#### RESPONSIBILITY

The Administration believes that welfare reform must promote individual responsibility and responsible parenting. We should demand responsibility from parents who bring children into the world, not let them off the hook and expect taxpayers to pick up the tab for their neglect. And we must discourage irresponsible behavior that lands people on welfare in the first place.

The toughest possible child support enforcement is central to getting people off welfare and helping them stay off. Although the Administration appreciates that HR 1214 was amended... (rest of graph on child support)

Welfare reform must send a very strong message to young people that they should not get pregnant or father a child until they are ready to raise that child, love that child, and take responsibility

for that child's future. The Administration's plan sends a clear message to young men and women that mistakes have consequences and that they have a responsibility to turn their lives around. Minor mothers must live at home with their parents, stay in school, and identify the father of their children. We need a national campaign against teen pregnancy that sends a clear message about abstinence and responsible parenting.

Although differences between the House and the Administration have been narrowed considerably on the issue of assistance to teen mothers, the denial of benefits to children born to parents under 18 in HR 1214 still sends the wrong message to young people. It says: if you made a mistake, you're on your own, even if it means you're more likely to end up on welfare for life and cost the taxpayers more money down the road. The Administration believes that welfare reform should demand responsibility, not simply cut people off because they're young, unmarried, and made a mistake.

#### OTHER CONCERNS

The Administration has serious concerns about other aspects of the bill that would:

- \* Punish children for their parents mistakes. HR 1214 would deny benefits to hundreds of thousands of disabled children, and cut off all children whose parents have received welfare more than five years, whether they're able to work or not. Rather than letting states decide for themselves whether to deny additional benefits for additional children born to a mother on welfare, HR 1214 mandates a one-size-fits-all federal approach. Many children could well be pushed into a (Rest of graph on punish children unfairly...)

- \* Jeopardize the health of children and families (no changes)

- \* Leave states with inadequate resources... Add the following sentences at the end of that graph: "The Administration strongly supports increased state flexibility, and has already granted waivers to half the states for innovative welfare reform demonstrations. National welfare reform should promote the national values of work and responsibility in a way that assures taxpayers that federal money is being spent wisely.

- \* Confuse the need for budget cuts with the need for real welfare reform. Many aspects of HR 1214 are designed to achieve short-term federal budget savings -- rather than real welfare reform -- at the expense of states and communities in the short run and all taxpayers in the long run. The Administration strongly supports welfare reform, and cutting the deficit. But Congress should not mix up the two or pretend that one is the other.

SORRY FOR ALL THE ADDITIONS -- I FEEL STRONGLY THAT WE MUST GET  
OUR POSITIVE MESSAGE OUT. THANKS.

NT  
NT

EXECUTIVE OFFICE OF THE PRESIDE  
EXECUTIVE OFFICE OF THE PRESIDE

14-Mar-1995 09:20pm

TO: (See Below)

FROM: Christopher J. Mustain  
Office of Mgmt and Budget, LRD

SUBJECT: Attached is the revised welfare SAP, per Chuck's co  
SUBJECT: \_\_\_\_\_

NOTE: please see new language: (1) regarding EBT from Jack Radzikowsky and Tom Stack [last bullet] and (2) regarding a constitutional concern from Justice at the end of the "Punish Children" bullet.

Please advise if the new language should remain, be amended, or deleted. Thanks.

March 15, 1995  
(House Rules)

H.R. 1214 - Personal Responsibility Act of 1995  
(Archer (R) TX and 2 cosponsors)

The Administration supports real and effective welfare reform. Real welfare reform should: (1) move people from welfare to work; (2) provide adequate education, training, and child care to enable welfare recipients to become self-supporting; (3) encourage parental responsibility; (4) protect the health and nutrition of children, and (5) enhance State flexibility.

Last year, the President proposed a sweeping welfare reform plan to the Congress. Last month, the President issued an executive order to crack down on Federal employees and members of the military who owe delinquent child support. In the past two years, the Administration has granted waivers from Federal welfare rules to 25 States -- giving States the flexibility to try new ideas. In all its welfare reform efforts, the Administration has emphasized the basic values of work, education, parental responsibility, the protection of children, and State flexibility.

Although the House shares the general goal of reforming the

ments

welfare system, H.R. 1214 falls short in many respects to support these basic values. The bill would:

- o Fail to move people from welfare to work. Unlike the legislation proposed by the Administration last year, H.R. 1214 would make it harder for many welfare recipients to enter the workforce. The bill provides neither the resources nor the requirements for States to prepare welfare recipients to become self-supporting. H.R. 1214 would not ensure that adequate child care, health care, education, and training are provided to make work pay and give individuals the skills to leave welfare and hold a job.

In fact, H.R. 1214 would eliminate the child care guarantee for welfare recipients entering the workforce and allow States to count people as working by simply cutting them off the welfare rolls. The bill also would repeal the Job Opportunities and Basic Skills program, removing any real responsibility for States to provide job search assistance, education, training, and job placement.

- o Punish children. H.R. 1214 would deny cash benefits to: (1) children born to parents under age 18; (2) additional children born to a mother on welfare; (3) children of parents who have received welfare more than five years; and (4) many disabled children. Some of these children could well be pushed into a child protection system that is already overburdened and often fails to provide essential services. Moreover, rather than increasing funds to protect children, H.R. 1214 would cut funding for foster care and adoption assistance and eliminate Federal oversight of State child protection systems -- many of which are acknowledged to be functioning very badly.

In addition, the provision to deny cash benefits to children born to parents under age 18 raises constitutional concerns regarding discrimination on the basis of illegitimacy.

- o Jeopardize the health of children and families. H.R. 1214 would cut funding and create block grants to replace existing child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children. These programs have produced significant and measurable improvements in nutrition outcomes among those who participate in them. H.R. 1214 would eliminate national nutrition standards. It would also eliminate the funding mechanisms that permit these programs to expand to meet the increased needs that occur in times of recession or economic downturn. These changes would leave many Americans vulnerable to shifts in the economy and to changes in nutrition standards that could be driven more by State budgets than the health of children and mothers.
- o Leave States with inadequate resources in times of economic downturn. H.R. 1214 would also replace the Aid to Families with Dependent Children program with block grants to States.

In contrast to the funding mechanisms now in place, block grant funding would not adjust for recession. Without such an adjustment, States in recession could encounter reduced revenues and increased caseloads. In such times, it is the working poor who would most likely need temporary welfare assistance. Under H.R. 1214, Federal funds would not increase to meet this demand -- individuals needing a temporary lift could be left without cash assistance, child care, or even school lunches for their children.

- o Fail to utilize proven strategies to collect delinquent child support. Although the Administration appreciates that H.R. 1214 was amended to include many of its proposals to increase child support collection, further changes should be made to ensure that non-custodial parents help raise their children. The Administration supports requiring States to deny drivers and other professional licenses to parents who refuse to pay child support. This approach has proven very successful in States that have already implemented such requirements.
  
- o Fail to encourage States to deploy cost-effective electronic benefit transfer systems through regional alliances and a uniform financial operating environment. H.R. 1214 also would eliminate consumer protections that are associated with commercial debit services.

Therefore, the Administration opposes H.R. 1214 in its current form, because it would fail to implement real and effective welfare reform.

Pay-As-You-Go Scoring

H.R. 1214 would decrease direct spending; therefore, it is subject to the pay-as-you-go requirements of the Omnibus Budget Reconciliation Act of 1990. OMB's preliminary scoring estimate for this bill is presented in the table below. Final scoring of this legislation may deviate from these estimates.

Estimates for Pay-As-You-Go  
( \$ in millions )

	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1995-1998</u>
Outlays					
Receipts					
Net Deficit					
Effect					

\* \* \* \* \*

Distribution:

TO: Charles S. Konigsberg  
TO: Kenneth S. Apfel  
TO: Bruce N. Reed  
  
CC: James C. Murr  
CC: Janet R. Forsgren  
CC: Barry White  
CC: Keith J. Fontenot

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
Washington, D.C. 20503-0001

LRM NO: 700

FILE NO: 15

3/17/95

LEGISLATIVE REFERRAL MEMORANDUM

Total Page(s): 5

TO: Legislative Liaison Officer - See Distribution below.  
FROM: Janet FORSGREN (for) *C. Mustain* (for)  
Assistant Director for Legislative Reference  
OMB CONTACT: Chris MUSTAIN 395-3923  
Legislative Assistant's line (for simple responses): 395-7362  
SUBJECT: **\*\*REVISED\*\*** Proposed Statement of Administration Policy RE: HR1214, Personal Responsibility Act of 1995

**URGENT**

**DEADLINE: TODAY 2:30 pm Friday, March 17, 1995**

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President.

Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.

COMMENTS: H.R. 1214 will be considered on the House floor next week. Therefore, the above deadline is firm.

AGENCIES:

312-AGRICULTURE - Marvin Shapiro - (202) 720-1516  
328-HEALTH AND HUMAN SERVICES - Frances White - (202) 890-7760  
217-JUSTICE - Kent Markus - (202) 514-2141  
429-National Economic Council - Sonyla Matthews - (202) 456-2174

EOP:

Ken Apfel  
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Bob Darnus  
Chuck Konigsberg  
Lydia Muniz  
Bruce Reed  
Jeremy Ben-Ami  
Pat Griffin  
Jim Murr  
Janet Forsgren

**URGENT**



# DRAFT

March 17, 1995  
(House)

H.R. 1214 - Personal Responsibility Act of 1995  
(Archer (R) TX and 2 cosponsors)

The Administration strongly supports the need to enact real and effective welfare reform that promotes the basic values of work and responsibility. Last year, the President proposed a sweeping welfare reform proposal that embodied these values. It imposed tough work requirements while providing opportunities for education, job training, child care, and support to working people. It included tough child support enforcement measures. It required teen mothers to live at home, stay in school, and identify their child's father. It increased State flexibility and accountability. It maintained protections for children.

In all its welfare reform efforts, the Administration has emphasized the basic values of work and responsibility. The President's economic plan expanded the earned income tax credit, which cut taxes for 15 million working families to reward work over welfare. Last month, the President issued an Executive Order to crack down on Federal employees and military personnel who owe delinquent child support. In the past two years, the Administration has granted waivers from Federal rules to 25 States to try innovative new ways to promote work and responsibility.

The Administration remains committed to working with the Congress in a bipartisan way to pass bold welfare reform legislation this year. In its current form, however, H.R. 1214 falls short of the basic goals and values that most Americans want welfare reform to embody.

## WORK

Republicans and Democrats alike agree that the central goal of welfare reform must be work. Unlike the legislation proposed by the Administration last year, however, H.R. 1214 would not facilitate moving welfare recipients into the workforce. The bill provides neither the resources nor the requirements for States to prepare welfare recipients to become self-supporting. H.R. 1214 would not ensure that adequate child care, education, and training are provided to make work pay and give welfare recipients the skills to hold a job.

In fact, H.R. 1214 would give States a perverse incentive to cut people off welfare. It would allow States to count people as working if they were simply cut off the welfare rolls, whether or not they have moved into a job. It also would cut back on child care both for people trying to leave welfare and for working people who are trying to stay off welfare. Finally, it would repeal the Job Opportunities and Basic Skills program, removing a resource for States to provide job search assistance, education, training, and job placement.

## RESPONSIBILITY

The Administration believes that welfare reform must promote individual responsibility and responsible parenting. The toughest possible child support enforcement is central to getting people off welfare and helping them stay off. Although the Administration appreciates that many of its proposals to increase child support collection have been included in H.R. 1214, further changes should be made to ensure that non-custodial parents help support their children. The Administration supports requiring States to deny drivers and other professional licenses to parents who refuse to pay child support. This approach has proven very successful in States that have already implemented such requirements.

Welfare reform must also send a strong message to young people that they should not get pregnant or father a child until they are ready to take responsibility for that child's future. The President has called for a national campaign against teen pregnancy that sends a clear message about abstinence and responsible parenting.

In cases where teen pregnancy does occur, the Administration believes that benefits should be available only when young parents make a serious effort to be responsible and turn their lives around -- by living at home, staying in school, and identifying the other parent. In contrast, H.R. 1214 would simply punish innocent children -- by denying benefits to children born out-of-wedlock to parents under age 18.

The Administration has serious concerns about other aspects of H.R. 1214 that would:

- o Jeopardize the health and nutrition of children, families, and the elderly. H.R. 1214 would cut the Food Stamp program dramatically and cap spending levels. The bill would further erode the nutritional safety net by cutting funding and creating block grants to replace existing child nutrition programs and the Special Supplemental Nutrition Program for Women, Infants, and Children. These programs have produced significant and measurable improvements in health outcomes among the many who participate in them. H.R. 1214 would eliminate national nutrition standards and the funding mechanisms that permit these programs to expand to meet the increased needs that occur in times of economic downturn. These changes would leave many Americans vulnerable to shifts in the economy and to changes in nutrition standards that could be driven more by budgets than the health of children and mothers.
- o Punish children for their parents' mistakes. H.R. 1214 would deny cash benefits to over 150,000 disabled children. The bill also would cut off children whose parents have received welfare more than five years, whether the parent is able to work or not. Rather than letting States decide whether to deny benefits for additional children born to a mother on welfare, H.R. 1214 would impose a one-size-fits-all Federal mandate. Benefits also would be reduced for children whose paternity is not established.

Many of these children could well be pushed into a child protection system that is already overburdened and often fails to provide essential services. Moreover, rather than increasing funds to protect children, H.R. 1214 would cut funding for foster care and adoption assistance and almost eliminate Federal oversight of State child protection systems -- many of which are acknowledged to be functioning very poorly.

- o Leave States with inadequate resources and limited flexibility. H.R. 1214 would also replace the Aid to Families with Dependent Children program with block grants to States. In contrast to the funding mechanisms now in place, block grant funding would not adjust for a recession. Without such an adjustment, States in recession would encounter reduced revenues and increased caseloads. In such times, it is the working poor who would most likely need, but not receive, temporary welfare assistance. Thus, individuals needing a temporary lift could be left without cash assistance, child care, or even school lunches for their children. They also could face reduced Food Stamp benefits.
- o Confuse the need for budget cuts with real welfare reform. National welfare reform should promote work and responsibility in a way that assures taxpayers that Federal money is being spent wisely. H.R. 1214, however, would achieve short-term Federal budget savings at the expense of States and communities and the long-term national interest. The Administration strongly supports welfare reform and reducing the deficit. However, real and effective welfare reform should not be confused with short-term budget savings.

The Administration therefore opposes H.R. 1214, in its current form, because it would fail to implement real and effective welfare reform. The bill would reduce Federal funding in ways that would impair the health and nutrition of children and families and undercut attempts to move welfare recipients from welfare to work. In addition, it would be particularly unwise to make such reductions to finance a tax cut for higher-income taxpayers.

Pay-As-You-Go Scoring

(to be added)

\* \* \* \* \*

NT  
NT

EXECUTIVE OFFICE OF THE PRESIDE  
EXECUTIVE OFFICE OF THE PRESIDE

16-Mar-1995 04:58pm

TO: (See Below)

FROM: Christopher J. Mustain  
Office of Mgmt and Budget, LRD

SUBJECT: Revised Welfare Reform SAP

Chuck: We assume that you will coordinate with Ken and Bruce. We will not circulate the SAP to the agencies until you give the word. Thanks.

March 16, 1995  
(House)

H.R. 1214 - Personal Responsibility Act of 1995  
(Archer. (R) TX and 2 cosponsors)

The Administration strongly supports the need to enact real, effective welfare reform that promotes the basic values of work and responsibility. Last year, the President proposed a sweeping welfare reform proposal that embodied these values. It imposed tough work requirements while providing opportunities for education, job training, child care, and support to working people. It included tough child support enforcement measures. It required teen mothers to live at home, stay in school, and identify their child's father. It increased State flexibility and accountability. It maintained protections for children.

In all its welfare reform efforts, the Administration has emphasized the basic values of work and responsibility. The President's economic plan expanded the earned income tax credit, which cut taxes for 15 million working families to reward work over welfare. Last month, the President issued an Executive Order to crack down on Federal employees and military personnel who owe delinquent child support. In the past two years, the Administration has granted waivers from Federal rules to 25 States to try innovative new ways to promote work and responsibility.

The Administration remains committed to working with the Congress in a bipartisan way to pass bold welfare reform legislation this year. In its current form, however, H.R. 1214 falls short of the

I believe we should demand and reward work, not punish those who go to work. We should demand responsibility from parents who bring children into the world, not let them off the hook and expect taxpayers to pick up the tab for their neglect. We must discourage irresponsible behavior that lands people on welfare in the first place, and tell our children not to have children until they are married and ready to be good parents. We should abolish the waiver system altogether, and give states the flexibility to do all the things that our waivers allow 25 states to do today, so governors don't have to come to Washington to ask.

When I called a meeting at the White House with leaders from both parties and all levels of government in January, we reached a bipartisan consensus that those basic principles -- work, responsibility, family -- belong at the center of any welfare reform legislation.

fault -- it implies that children are disabled because of their parents' mistakes.

p. 2, 2nd indented bullet: Fact check with HHS the 150,000 disabled children number. I put that in my version, but I can't vouch for its accuracy.

p. 2, 2nd indented bullet, last sentence: Change "is not established" to "is not established, even if the mother is cooperating fully and the state bureaucracy is at fault."

p. 3, 1st full bullet, 2nd sentence: Change "adjust for a recession" to "adjust for a recession or population growth".

p. 3, 2nd full bullet, last sentence: Replace the sentence "However, real and effective etc" with a new sentence: "However, the short-term budget savings in HR4 would go neither toward real welfare reform nor toward deficit reduction, but primarily to finance tax cuts for higher-income taxpayers."

p. 3, last paragraph, 1st sentence: Change second half of sentence to read "...in its current form, because it fails to reform welfare by moving people from welfare to work." Add a sentence, "The bill is not tough enough on parents who owe child support, and too tough on innocent children."

Thanks for spending so much time on this! I'm working on a Presidential cover letter to accompany this SAP, which I'll get to you later this afternoon.

If we collected all the money that deadbeat parents should pay, we could move 800,000 women and children off welfare immediately. I am grateful to members in both parties for working to include most of the tough child support measures from our welfare reform plan. This week, I hope you will go further, and require states to deny drivers and professional licenses to parents who refuse to pay child support. We have to send a clear signal. No parent in America has a right to walk away from the responsibility to raise their children.

Third, welfare reform should discourage teen pregnancy and promote responsible parenting. We need a national campaign against teen pregnancy that lets young people know it is wrong to have a child outside marriage. Nobody should get pregnant or father a child who isn't prepared to raise the child, love the child, and take responsibility for the child's future.

I know members of Congress in both parties care about this issue. But without further improvement, some aspects of this current plan in Congress could do more harm than good. Instead of denying any assistance to teen mothers and their children, we should require them to live at home with their parents, stay in school, identify the child's father, and turn their lives around. It is wrong to make small children pay the price for their parents' mistakes -- and it will cost us all dearly over the long run.

Finally, welfare reform must not be just a ruse to finance tax breaks for upper-income taxpayers. The budget cuts in the current House plan would go neither toward moving people from welfare to work nor toward reducing the deficit, but apparently to pay for tax cuts for the very wealthy. That's not welfare reform. The welfare problem in America is too important for that kind of politics [and short-term thinking].

I appreciate all the work that you have done on this issue, and I am pleased that the country is finally engaging in this important debate. In the end, I believe we can work it out together, as long as we remember the values this debate is really about. The dignity of work, the bond of family, the virtue of responsibility -- these are not Republican values or Democratic values. They're American values -- and no child in America should ever have to grow up without them.

... If we do our job right ...

EXECUTIVE OFFICE OF THE PRESIDENT

17-Mar-1995 01:14pm

TO: Christopher J. Mustain  
FROM: Bruce N. Reed  
Domestic Policy Council  
CC: Charles S. Konigsberg  
Kenneth S. Apfel  
SUBJECT: Edits to Welfare SAP

Great job in turning this around so quickly. I have only a few changes.

p. 1, 3rd graph, last line: replace "embody" with "promote"

p. 1, 4th graph, 2nd sentence: Change to read "... HR4 would not end welfare as we know it by moving people from welfare to work." I also think this important sentence should be underlined, so that people who read the SAP don't skip ahead and only focus on the underlined "other concerns".

p. 1, 5th graph, last sentence: Change "a resource" to "any real responsibility". Add the clause "to move people off welfare and into work" at the end of the sentence, after "job placement".

p. 2, 1st graph, 3rd sentence: Change "further changes should be made to ensure etc" to "the bill must be strengthened to ensure that non-custodial parents uphold their responsibility to help support their children". This sentence is also very important, and should be underlined.

p. 2, 3rd graph, 1st sentence: Delete "In cases where teen pregnancy does occur". Change rest of sentence to read "The Administration believes minor mothers should receive benefits only when they make a serious effort to be responsible etc". Change "other parent" to "the child's father". (There is no such thing as identifying the mother.)

p. 2, 3rd graph, last sentence: change "born out-of-wedlock to parents" to "born to unwed parents".

p. 2, 1st indented bullet, last sentence: change "many Americans" to "working Americans".

p. 2, 2nd indented bullet: Change "punish children for their parents' mistakes" to "Punish innocent children". That was my

March 20, 1995

[Dear Representative]

This week, the historic national debate we have begun on welfare reform will move to the floor of the House of Representatives. Welfare reform is an important priority for my Administration and for Americans without regard to party. I look forward to working with Republicans and Democrats in both houses of Congress to enact real reform that promotes work and responsibility and makes welfare what it was meant to be: a second chance, not a way of life.

In the last two years, we've put the country on the road to ending welfare as we know it. In 1993, when Congress passed our economic plan, we cut taxes for 15 million working Americans and rewarded work over welfare. We collected a record level of child support in 1993 -- \$9 billion -- and last month I signed an executive order to crack down on federal employees who owe child support.

And in two years, we have granted welfare reform waivers to 25 states -- more than the last two administrations granted in 12 years -- giving states flexibility to try out their ideas without being stifled by one-size-fits-all Washington rules. Half the country is now carrying out significant welfare reform experiments that promote work and responsibility instead of undermining it.

Last year, I sent Congress the most sweeping welfare reform plan any administration has ever presented. It did not pass, but I still hope that the principles and values at its core will be the basis of what ultimately does pass.

First, the central goal of welfare reform must be moving people from welfare to work, where they'll get a paycheck, not a welfare check. If people need child care or job skills in order to go to work, we should help them get it. But within two years, anyone who can work must go to work. This is not a partisan issue: Last year, 162 of 175 House Republicans co-sponsored a bill that promoted work in much the same way as our plan.

But in its current form, the bill that the House will consider this week doesn't do much to promote work, and would actually make it harder for many recipients to make it in the workplace. It cuts child care for people trying to leave welfare and for working people trying to stay off welfare. It removes any real responsibility for states to provide skills and job placement, and it gives states a perverse incentive to cut people off whether or not they have moved into a job. When people just get cut off without going to work, that's not welfare reform. I urge you to pass a welfare reform bill that ends welfare as we know it by moving people from welfare to work.

Second, welfare reform must make responsibility a way of life. Last year, my Administration proposed the toughest child support enforcement measures ever put forward.