

WITHDRAWAL SHEET

Clinton Library

Collection: Domestic Policy Council, Carol Rasco
OA/Box: OA 7455
File Folder: Welfare Reform [4]

Archivist: rfw

Date: 4/20/04

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. Memo	From Carol Rasco to Bruce Reed; Kathi Way, re: welfare reform, 1 p (partial)	7/12/93	P6/B6
2. Memo	From Kathi Way to Carol Rasco re: Welfare Reform Outreach Plan, 2p (partial)	6/28/93	P5, P6/B6

RESTRICTIONS

- P1** National security classified information [(a)(1) of the PRA].
- P2** Relating to appointment to Federal office [(a)(2) of the PRA].
- P3** Release would violate a Federal statute [(a)(3) of the PRA].
- P4** Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P5** Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P6** Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].
- PRM** Personal records misfile defined in accordance with 44 USC 2201 (3).

- B1** National security classified information [(b) (1) of the FOIA].
- B2** Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- B3** Release would violate a Federal statute [(b)(3) of the FOIA].
- B4** Release would disclose trade secrets or confidential commercial financial information [(b)(4) of the FOIA].
- B6** Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
- B7** Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- B8** Release would disclose information concerning the regulation of financial institutions [(b)(9) of the FOIA].
- B9** Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

Roz

Please have Carol

keep Kathi &

tell her what

time she will be

here.

Thanks

Carol

Agenda follows.

MEETING WITH THE STATE AND LOCAL WELFARE REFORM TASK FORCE
December 15, 1993, 10:30am - 3:30pm
White House Conference Center, Truman Room
726 Jackson Place, NW

AGENDA

- 10:30 - 10:45 INTRODUCTION
- o A review of the intergovernmental consultation process so far.
 - o Next steps to be taken in discussing welfare reform options with the State and Local Task Force members and their organizations.
- 10:45 - 11:15 OVERVIEW OF WELFARE REFORM POLICY: PROCESS AND OPTIONS
- o An update on the welfare reform process by the Working Group co-chairs.
 - o Broad overview of the options under consideration by the Working Group.
 - o Review of today's meeting agenda and issues for discussion.
- 11:15 - 12:30 DISCUSSION OF OPTIONS -- PART I
- o Transitional Assistance
 - enhancing programs
 - time limited assistance
 - WORK
- 12:30 - 1:00 LUNCH
- 1:00 - 3:30 DISCUSSION OF OPTIONS -- PART II
- o Child Support Enforcement
 - o Reinventing Government Assistance
 - simplification
 - preventing waste, fraud and abuse
 - performance standards and state flexibility
 - o Prevention and Parental Responsibility
- 2:30 - 2:45 BREAK
- o Make Work Pay
 - child care for working families
 - EITC
 - work incentives

OFFICE OF DOMESTIC POLICY

THE WHITE HOUSE

FROM THE OFFICE OF: **CAROL H. RASCO**
ASSISTANT TO THE PRESIDENT
FOR DOMESTIC POLICY

File
NOV 12 REC'D

TO: Bruce Reed

DEC 15 REC'D

DRAFT RESPONSE FOR CHR BY: _____

PLEASE REPLY (COPY TO CHR): 11/19/59

PLEASE ADVISE BY: _____

LET'S DISCUSS: _____

FOR YOUR INFORMATION: _____

REPLY USING FORM CODE: _____

FILE: _____

RETURN ORIGINAL TO CHR: _____

SCHEDULE: _____

REMARKS: _____

~~RESPONSE TO LETTER~~ BC: Carol Rasco

THE WHITE HOUSE

WASHINGTON

DEC 15 REC'D

November 29, 1993

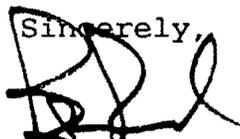
Ms. Scheherazade St. Martin
1000 Cabro Court
Novato, California 94947

Dear Ms. St. Martin:

Thank you for your letter to President Clinton concerning Sonoma State University's programs to assist women on welfare. I appreciate your taking the time to write.

I am forwarding your letter to the Working Group on Welfare, Reform, and Family Independence at the Department of Health and Human Services for review.

Sincerely,

A handwritten signature in black ink, appearing to be 'BR Reed', written over a rectangular box.

Bruce Reed

Deputy Assistant to the President
for Domestic Policy

DEMOCRATIC ★ NATIONAL ★ COMMITTEE

David Wilhelm, Chairman

CM-
INTAKE

November 8, 1993

Ms. Carol H. Rasco
Assistant to the President
for Domestic Policy
2nd Floor, West Wing
The White House
Washington, DC 20510

Dear Ms. Rasco:

Please find enclosed a letter from Scheherazade St. Martin regarding her attempts to assist women on welfare through community and university pilot projects. I hope this information is useful to the Administration's effort to reform the welfare system.

Thank you for your attention into this matter.

Sincerely,



David Wilhelm
Chairman

DW/amr

enclosures

INTRODUCTION

There are four pilot projects that present, individually, the roles of Sonoma State faculty and student-initiated projects in initiating preventive health care, education, welfare, and economics. These projects were developed in response to Ted Gabler and David Osborne's recent book, *Reinventing Government*.

1. EDUCATION - Community/University Pilot Project
Intern Leadership Training on Community Project
(Collaborative Learning)
Documents in Exhibit A
2. PREVENTIVE HEALTH CARE - Community/University Pilot Project
Geriatrics and Art Therapy
Documents in Exhibit B
3. WELFARE - Community/University Pilot Project
Relieving Economic Dependence on Welfare System
Documents in Exhibit C (videotape)
4. ECONOMICS - Community/University Pilot Project
Currency Barter System
(Creative Solutions to Faculty and Student
Economic Constraints)
Documents in Exhibit D

*Scheherazade St. Martin
1000 Cabro Court
Novato, Ca. 94947*

October 18, 1993

Democratic National Committee
430 South Capital Street,
S.E. Washington D.C. 20003

Chair: David Wilhelm
Executive Assistant : Ceandra Scott
Attention: President Bill Clinton

Dear President Clinton,

In response to your letter of August 16 and your recommendation that I contact David Wilhelm, I was successful in reaching his Executive Assistant, Ceandra Scott by telephone. She recommended that I write you in care of the National Committee. Therefore I have addressed this letter as above.

It has been a year since we began developing programs at Sonoma State University oriented toward assisting women on welfare by encouraging them to develop employable skills. Attempts have been made to contact Congresswoman Lynn Woolsey. We felt that because of her background as a welfare recipient and her experience in successfully elevating her position, that she would be favorably disposed to support the concepts and programs proposed. Unfortunately we have not received a response in any form to the various letters and contacts directed to her staff. We are concerned that possibly she has not been informed.

We appreciate the pressures of your office and the difficulty you experience in responding to the volume of correspondence that you receive. We do not want to contribute unnecessarily to your burdens. We believe the proposed programs are well designed and can significantly reduce welfare costs by combining educational and job opportunities for people on aid who are willing and able to better their circumstances. We continue to believe that there are people who are willing to work to better their situations, even when faced with the attractiveness of government programs that are not tied to work or other performance obligations.

Senator Boxer's, Senator Biden's and Senator Feinstein's offices have all been informed of our program and proposal and have indicated positive responses and enthusiasm. They have responded with materials on AFDC and other women on aid programs, as well as encouraging us to pursue drafting a formal proposal.

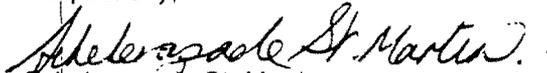
We in the Northern California communities, students, teachers, other concerned citizens and our political representatives, who are concerned about the welfare system, women on aid, and the prospects that the Federal Government cannot continue to vote for more benefits and may be required to reduce benefits, if alternative solutions are not found to make these programs more efficient and cost effective, want to propose alternative solutions. We are aware of the fact that you appreciate the economic realities and have expressed your concerns on this issue.

Our formal proposal will address concerns, which I believe you share, on efficient structuring of existing welfare programs, incorporating incentives for recipients to participate in community activities, improve their employment skills and create alternative opportunities for our women and families on aid.

We look forward to your response. If your organization has information regarding similar proposals that are presently being considered by the Congress, we would greatly appreciate being advised of their existence and request copies of such proposals to assist our efforts.

If you would be interested in visiting our University, we would be very happy to make a formal presentation of the Community/University Pilot Projects that we have developed over the past year. In essence, we are trying to reach out to aid recipients and encourage them to become active contributing members of the community. We ask the old to help with child care, we ask the young to assist the old, we ask everyone in between to be creative through university programs and networking. Mr. President, It works! Attached is a brief outline of the Project.

Respectfully,



Scheherazade St. Martin.

Encl: Project outline.

THE PRESIDENT HAS SEEN 2/18

FEB 18 REC'D

February 17, 1994
94 FEB 17 P9:42

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
THROUGH: CAROL RASCO
SUBJECT: *felt* Welfare Reform Damage Control

Forwarded

I. The Bad News

In the wake of a series of damaging New York Times stories casting doubt on our welfare reform plans, Carol and I met with David Gergen, Rahm Emanuel, Susan Brophy and others to devise a strategy to start defining the welfare issue on our terms, and to ward off future leaks by getting our side of the story out first. We believe the recent drumbeat of negative and misleading stories on this issue, which is apparently being fueled by opponents of welfare reform within the Administration, will seriously undermine our credibility if we don't get our spin out soon.

Jason DeParle of the Times has already written a series of stories setting us up for failure: we can't end welfare unless we create 2.3 million jobs, we can't end welfare unless we tax the poor, we can't end welfare unless we find enough money to end homelessness as well, etc. Each of these arguments is a straw man, based on ideas we had no intention of doing in the first place. But DeParle is laying the groundwork for the conclusion that, as he wrote in the Jan. 5th article that prompted Moynihan's initial outburst, the Administration is planning a "sleight-of-hand strategy" on welfare, and isn't really serious about ending it.

II. The Good News

We're doing all we can to sniff out the leaks, but OMB and HHS are circulating cost and financing estimates that will be hard to keep quiet -- especially since we need to share them with several Cabinet members in preparation for a meeting week after next. Rather than wait for more bad leaks to come out next week, we would like to get a good story in another paper this weekend on our terms.

Contrary to what you've been reading in the newspapers, we think we can put together a serious welfare reform bill with offsetting savings that should satisfy Moynihan, the governors, and others who care about this issue, and give you a real chance to end welfare. As you've always said, the key to this whole thing -- and the story we would like to get out -- is phase-in. All the major questions -- where to find the money, how to get the states

on board, and most important, how to make the program work -- turn on this issue.

If we phase time limits and the work program in too quickly, the states will revolt, the left and labor will go nuts, Congress will get cold feet, and even if we got our way, we might well create another CETA. We don't have the money for such a rapid phase-in, and neither do the states. On the other hand, if we phase it in too slowly, and spread a little money over a large portion of the welfare population, our reforms will fail and we won't learn anything. States will tiptoe ahead as they have done with the Family Support Act, and most of the caseload won't notice the difference.

In light of these considerations, HHS and OMB are working on a cost and financing document that is based on a phase-in that is targeted to a manageable chunk of the welfare population -- applicants born after 1970. States could go faster if they wanted (most won't), but we would require them to start covering everyone under 25 in 1995 and everyone under 30 by 2000. This is still an ambitious phase-in -- 300,000 recipients would hit the time limit and be required to work by the year 2000. It starts out higher but does not grow as quickly as the House Republican bill, which could have perhaps 500,000 in the work program by 2000.

A bill based on this phase-in would cost \$8-15 billion over five years, depending on how much we spend on other things (like child care for the working poor) and how much we try to save from paternity establishment and other personal responsibility measures. The House Republican bill costs \$12 billion over 5 years -- with costs rising rapidly outside the budget window.

We believe Senator Moynihan will look favorably on this approach, which is based in large part on a New Republic article written by his chief welfare aide, Paul Offner, who suggested starting with a work program for everyone under 20. It also gives us a compelling answer to Charles Murray, who wants to cut teen mothers off altogether; we would make them live at home with their parents, finish school, and then go to work. Al From and Will Marshall, who are helping draft a bill for the Mainstream Forum, are also strong proponents of a gradual phase-in of this sort.

Obviously, you shouldn't make any decisions on the basis of this memo. We can start talking next week about the major issues you will need to think about, as well as the budgetary and political tradeoffs involved.

But since we will soon be circulating a budget document that assumes this phase-in, we believe it is essential to get a good story right away (that we are considering a phase-in that would target the next generation, give states flexibility and time to learn as they go, and could actually be achieved because it doesn't break the bank). Otherwise, Jason DeParle will write a nasty one next week (**Administration Slashes Welfare Reform Plans Under Pressure from Budget, Unions; No End to Welfare In Sight**). We would like your permission to float this approach with Ron Brownstein of the Los Angeles Times, a reporter who wants welfare reform to succeed.

February 17, 1994
94 FEB 17 P 9:42

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
THROUGH: CAROL RASCO
SUBJECT: Welfare Reform Damage Control

*Emergency
to President*

I. The Bad News

In the wake of a series of damaging New York Times stories casting doubt on our welfare reform plans, Carol and I met with David Gergen, Rahm Emanuel, Susan Brophy and others to devise a strategy to start defining the welfare issue on our terms, and to ward off future leaks by getting our side of the story out first. We believe the recent drumbeat of negative and misleading stories on this issue, which is apparently being fueled by opponents of welfare reform within the Administration, will seriously undermine our credibility if we don't get our spin out soon.

Jason DeParle of the Times has already written a series of stories setting us up for failure: we can't end welfare unless we create 2.3 million jobs, we can't end welfare unless we tax the poor, we can't end welfare unless we find enough money to end homelessness as well, etc. Each of these arguments is a straw man, based on ideas we had no intention of doing in the first place. But DeParle is laying the groundwork for the conclusion that, as he wrote in the Jan. 5th article that prompted Moynihan's initial outburst, the Administration is planning a "sleight-of-hand strategy" on welfare, and isn't really serious about ending it.

II. The Good News

We're doing all we can to sniff out the leaks, but OMB and HHS are circulating cost and financing estimates that will be hard to keep quiet -- especially since we need to share them with several Cabinet members in preparation for a meeting week after next. Rather than wait for more bad leaks to come out next week, we would like to get a good story in another paper this weekend on our terms.

Contrary to what you've been reading in the newspapers, we think we can put together a serious welfare reform bill with offsetting savings that should satisfy Moynihan, the governors, and others who care about this issue, and give you a real chance to end welfare. As you've always said, the key to this whole thing -- and the story we would like to get out -- is phase-in. All the major questions -- where to find the money, how to get the states

on board, and most important, how to make the program work -- turn on this issue.

If we phase time limits and the work program in too quickly, the states will revolt, the left and labor will go nuts, Congress will get cold feet, and even if we got our way, we might well create another CETA. We don't have the money for such a rapid phase-in, and neither do the states. On the other hand, if we phase it in too slowly, and spread a little money over a large portion of the welfare population, our reforms will fail and we won't learn anything. States will tiptoe ahead as they have done with the Family Support Act, and most of the caseload won't notice the difference.

In light of these considerations, HHS and OMB are working on a cost and financing document that is based on a phase-in that is targeted to a manageable chunk of the welfare population -- applicants born after 1970. States could go faster if they wanted (most won't), but we would require them to start covering everyone under 25 in 1995 and everyone under 30 by 2000. This is still an ambitious phase-in -- 300,000 recipients would hit the time limit and be required to work by the year 2000. It starts out higher but does not grow as quickly as the House Republican bill, which could have perhaps 500,000 in the work program by 2000.

A bill based on this phase-in would cost \$8-15 billion over five years, depending on how much we spend on other things (like child care for the working poor) and how much we try to save from paternity establishment and other personal responsibility measures. The House Republican bill costs \$12 billion over 5 years -- with costs rising rapidly outside the budget window.

We believe Senator Moynihan will look favorably on this approach, which is based in large part on a New Republic article written by his chief welfare aide, Paul Offner, who suggested starting with a work program for everyone under 20. It also gives us a compelling answer to Charles Murray, who wants to cut teen mothers off altogether; we would make them live at home with their parents, finish school, and then go to work. Al From and Will Marshall, who are helping draft a bill for the Mainstream Forum, are also strong proponents of a gradual phase-in of this sort.

Obviously, you shouldn't make any decisions on the basis of this memo. We can start talking next week about the major issues you will need to think about, as well as the budgetary and political tradeoffs involved.

But since we will soon be circulating a budget document that assumes this phase-in, we believe it is essential to get a good story right away (that we are considering a phase-in that would target the next generation, give states flexibility and time to learn as they go, and could actually be achieved because it doesn't break the bank). Otherwise, Jason DeParle will write a nasty one next week (*Administration Slashes Welfare Reform Plans Under Pressure from Budget, Unions; No End to Welfare In Sight*). We would like your permission to float this approach with Ron Brownstein of the Los Angeles Times, a reporter who wants welfare reform to succeed.

**NATIONAL
GOVERNORS'
ASSOCIATION**

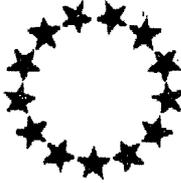
Carroll A. Campbell Jr.
Governor of South Carolina
Chairman

Raymond C. Sappach
Executive Director

Howard Dean
Governor of Vermont
Vice Chairman

Hall of the States
444 North Capital Street
Washington, D.C. 20001-1512
Telephone (202) 624-3300

File: Welfare reform



DATE: 1-25-94

TELECOPIER TRANSMISSION FORM

TO: Carol Rasco

TELECOPIER NUMBER: 4156-2878

FROM: Barry Van Lare

NGA TELECOPIER NUMBER: (202) 624-5825

NUMBER OF PAGES: _____ (including this cover)

REMARKS _____

IF YOU HAVE PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL:

S. Christian at (202) 624-5320 5324

January 25, 1994

MEMORANDUM

TO: → Carol Rasco
Kathi Way

FROM: Barry Van Lare 

RE: Outside the Boxes

It gets frustrating trying to think of new ways to solve old problems, particularly when there is little or no new money. The attached effort to recast welfare reform in a significantly new direction was my attempt to deal with that frustration.

While I haven't been able to generate much interest here with the Welfare Reform Leadership Team staff advisory council, Ray thought that the two of you might like to take a look at it. If nothing else, it might be an interesting concept to include in a broad set of demonstrations.

The goal of welfare reform is to eliminate or reduce dependency, to instill a sense of personal responsibility, and to move people from welfare to work. The proposed solution is to make welfare a transitional program, during which recipients will receive an intensive, and likely costly, package of education and training services designed to make them more readily employable. Following that period recipients will be expected to work.

An alternative may be to literally "end welfare as we know it" and to substitute a program that will make work the sole basis for assistance. Under such an approach education and training would not be an alternative to work, but a benefit made available to enhance the skills and earning capacity of those who are already at work.

If one can move beyond the specter of large numbers of public sector jobs, such an approach has a number of advantages. They include:

- a clear commitment to work and individual responsibility;
- shorter periods of dependency;

- strong incentives to take private sector work;
- a positive return on moneys currently invested solely in income transfer;
- easier administration;
- less opportunities for fraud and abuse; and
- more productive use of education and training funds.

If you have any reactions or questions, please let me know.

WELFARE REFORM - OUTSIDE THE BOXES

January 22, 1994

* * * * *

Envision a focus not on welfare reform, but on reinvesting in America's communities!!

* * * * *

The President today called on the Congress to enact a five year, \$100 billion program to invest in the families and communities that raise and nurture our children. While the program will expand prevention activities for all families, the program will provide special services to low income communities. Strong families and strong communities are vital to a bright future for all Americans.

Central to the new program is a radical redesign and reorientation of America's welfare program. As we invest more in prevention we will also reinforce the value of work and provide new opportunities for all American's to contribute to the betterment of their communities.

The new program will:

- Provide schools with the resources needed to ensure at least one adult teacher's aide in every public elementary school classroom.
- Provide local health agencies with the resources needed to hire sufficient outreach workers to see that every expectant mother takes advantage of available prenatal care.
- Provide social service agencies with the resources needed to provide family education and support to every low income parent from low income neighborhoods.
- Provide police departments with the resources needed to place community watch workers in every low income area.
- Provide youth service and juvenile justice agencies with the resources to hire additional staff to provide counseling and follow up to young people at risk or in trouble.
- Provide park and recreation departments with the resources needed to hire staffs to fully maintain community parks and recreation programs.
- Provide public housing authorities with the aides needed to rehabilitate and restore safety to public housing

-2-

And do all these things while ending welfare as we know it, by diverting welfare appropriations to community investment and by using those investments to provide low cost jobs for persons otherwise eligible for welfare.

There are hundreds of thousands of current welfare recipients who are able to work. There is a hugh need for additional government investments in community oriented prevention activities. Many of these prevention activities can be carried out or enhanced by relatively low skilled employees. The following changes will be required to transform welfare into community investment:

- In order to encourage work, provide assistance to those able to work solely in the form of wages for real jobs.
- In order to increase community investment in prevention, convert AFDC and Food Stamp appropriations into community investment grants (CIG) to federal, state, and local government agencies and to non-profit community organizations.
- In order to create jobs, require that community investment funds be used to create part-time entry level jobs that will be filled by those otherwise eligible for welfare.
- In order to limit costs, set a cap on the hours of work based on the level of welfare and food stamp benefits (But consider the possibility of combining CIG with other funds to create better paying positions.)
- In order to provide for the expenses associated with work, while maintaining an incentive to find unsubsidized employment, make CIG wages eligible for one-half the regular EITC.
- In order to ensure that CIG employees have the necessary skills, reward work, and to upgrade the work force generally, make education and training first available to those who work.

Two premises are key. We will value work, and will tie assistance to work. We will invest our money in prevention, not income maintenance alone.

This is not a proposal for work relief or community work experience. Neither is it a massive public employment program without ties to the priorities and needs of America's communities. We are looking toward real investment in those activities that will make our communities safer and more productive. Equally important we are not asking others to do the job of the welfare agency. Instead we are providing new and valuable resources to better accomplish their existing responsibilities.

-3-

We are not creating a new bureaucracy to enforce new work requirements or to develop complex plans to encourage self reliance. In fact significant administrative savings should be possible, not the least of which will result from the elimination of a separate food stamp program for those in CIG positions. The tie to work will be clear. We will pay wages for the actual hours of work. We will not need to invest in a cumbersome, confusing, and costly adjudication process.

Equally important we will reward good work with the opportunity to upgrade skills. By tying successful work experience with the opportunity for training we will make clear the advantages and opportunities for participation in programs to enhance individual skills.

Not everyone will fit in this new system easily. However, while we must be concerned with the exceptions, we should not make policy to treat the exception. Some parents will choose not to work and their children may be in danger of abuse. We will address those problems as we address the problems of neglect and abuse in other families.

There will be some people who will be unable to work. We will need either temporary or permanent programs to deal with those individuals. However, the sole way of providing assistance to people while they are employable will be to work.

While skills and attitude may vary, we will provide the additional training needed to ensure that all CIG employees make a real contribution to their employers. Moreover, as government, we must be prepared to play a strongly supportive role for those employees who might otherwise fail to make the transition from welfare to work.

The availability of training, combined with the increased earnings and the full EITC provided by non CIG jobs should provide a strong incentive to move on to full time jobs as they become available.

The CIG program offers special benefits to current public sector employees. First, the addition of CIG workers should increase the effectiveness and reach of current staff. Second, there will be new opportunities for supervisory and training assignments. Finally, these new resources should help meet growing service demands and reduce backlogs and unmet needs. Equally important, without some productive return on welfare investments, we will be unable to preserve our existing resources.

-4-

We cannot solve our problems with yesterday's solutions. We need to look beyond the limits of what we have to the possibilities that we can create.

* * * * *

And, possibly, to move even further!!!

* * * * *

But to invest in public sector programs alone is not enough. We must also move quickly to renew the economic vitality of low income areas. Toward that end an additional \$10 billion will be made available for an experimental program of subsidies to businesses located within low income areas that will use these resources either to expand employment or to provide goods and services to the low income community at a costs similar to that in other non-poverty areas.

In the first case, funds would be made available to the business that develop acceptable business plans to develop new goods and services that can be reasonably expected to generate a profit following a limited subsidy period. Such businesses would be eligible for a business development grant that would have to be used to create new part time positions for persons otherwise eligible for welfare.

In the second case, funds would be made available to existing businesses that are unable to provide goods and services at a reasonable costs within low income areas. In these cases, business development grants would be conditioned both upon hiring current welfare recipients and on a pricing agreement.

~~Forward to~~
~~Mark~~
Keep cc for
CHR

February 6, 1994

MEMORANDUM FOR MACK MCLARTY

FROM: BRUCE REED

THROUGH: CAROL RASCO 

SUBJECT: William Bennett Article on Ending Welfare for Out-of-Wedlock Births

In the campaign, Bill Clinton called for ending welfare as we know it by requiring all recipients who can work to go to work within two years. This proposal was designed to restore the basic social contract in which people who get help from the government give something back in return, and also to end welfare as a way of life, which should help discourage people from going on welfare in the first place.

Until recently, conservatives like Bill Bennett and Charles Murray have been strong supporters of the kind of work requirements that the President proposed. Now that they are in danger of losing the welfare issue, however, some Republicans are calling for even more dramatic changes in the welfare system. Murray has attracted considerable press attention and some Republican support by proposing that we abolish welfare altogether for single mothers who give birth to children out of wedlock. Some conservatives, including Bennett, see this approach as a way to hold onto the welfare issue by going further than they think Clinton can go.

Here are three points to keep in mind about the Murray proposal:

1. Murray is right about one thing: we'll never end welfare unless we reduce the number of out-of-wedlock births. The number of unwed births in this country has doubled in the last 15 years. More than one in four births today is out-of-wedlock. Many experts attribute the recent increase in welfare rolls (33% increase since 1989) to this out-of-wedlock baby boom. When the President was asked about Murray's proposal, he said he agreed with Murray's analysis that increasing illegitimacy is at the core of the welfare crisis.

2. Murray's proposal isn't the only way to keep people off welfare in the first place. The President said, "There is no question that [Murray's proposal] would work. The question is ... is it morally right?" As part of welfare reform, we are considering a number of other measures to encourage parental responsibility and discourage out-of-wedlock births: 1) a national campaign to reduce teen pregnancy; 2) prohibiting teen mothers from leaving home to collect welfare, and requiring them to live with their parents instead; 3) reducing benefits for mothers who have additional children while on welfare; 4) requiring mothers to name the father in order to receive public assistance, so that we can track down the father and make him pay child support; and 5) requiring everyone who applies for welfare to sign a personal responsibility contract that spells out their responsibilities and requires them to work as soon as possible and within two years at the most.

3. Murray's proposal completely ignores the role of unwed fathers. Cutting unwed mothers off the welfare rolls does nothing to address the other problem at the core of the welfare system, which is that too many fathers fail to take responsibility for supporting their children. This is the Achilles heel in Murray's argument: he actually argues that unwed fathers shouldn't be required to pay child support, because that way young women would learn not to have babies outside marriage. The truth is just the opposite: if young fathers knew they faced a lifetime of child support, they would think twice before fathering a child before they're ready. According to the Urban Institute, there is a \$34 billion gap in this country between the amount of child support that absent parents ought to be paying and the amount they actually pay. Child support isn't just a welfare problem; it's also a middle-class problem. But if we had a truly effective child support enforcement system, and if men took responsibility for their children, we wouldn't need a welfare system. As part of welfare reform, we will propose a series of measures to crack down on delinquent parents: we'll garnish their wages, suspend their licenses, track them across state lines, and if necessary, require them to work off what they owe.

In short, the best answer to Murray is that he doesn't go far enough: we need to end welfare as a way of life, and let all young people -- men and women -- know that if they have a child, they will have to take responsibility for that child, because the government won't be there to raise it for them.

End welfare for single women having children

System may not cause illegitimacy, but it makes out-of-wedlock births economically viable, say William Bennett and Peter Wehner.

In a recent *Wall Street Journal* article, social scientist Charles Murray called for ending the current welfare system. It had an explosive effect and set off a chain reaction that in a dozen weeks has transformed the welfare debate. We are now at one of those rare political moments when a fundamental, even radical, and positive change in public policy is possible. That reform of this magnitude is even possible can be explained by three things:



USA TODAY

By William J. Bennett (above), co-director, and Peter Wehner, policy director, Empower America.

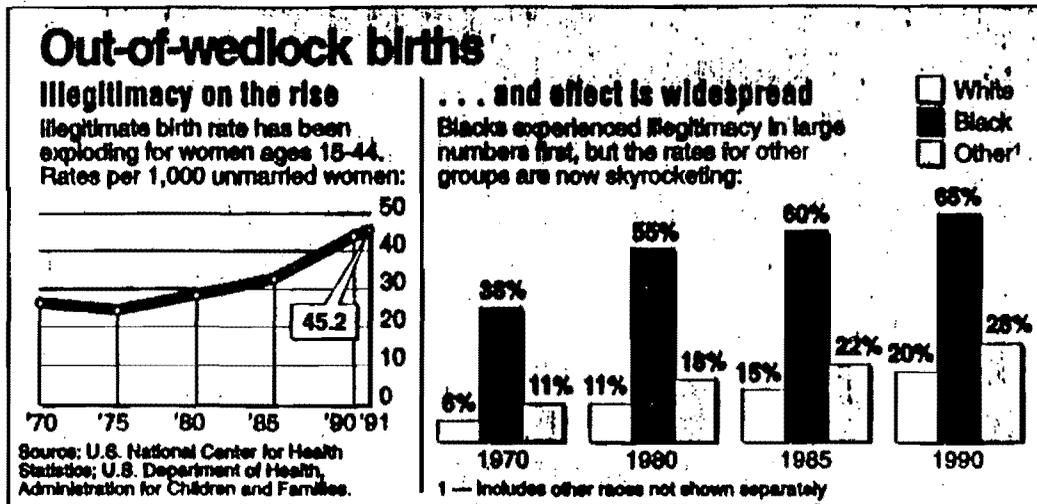
► **Widespread acceptance of overwhelming empirical evidence:** The current system is a complete failure. We have spent enormous sums over the past three decades on welfare programs and what do we have to show for it? An underclass which is much larger, more vi-

olent, more poorly educated and which consists of many more single-parent families.

Reaction to Murray has been overwhelmingly favorable, including positive reaction from unlikely places. Here's what President Clinton said in a recent interview about welfare's fiercest and most prominent critic: "(Murray) did the country a great service. I mean, he and I have often disagreed, but I think his analysis is essentially right. ... There's no question that (ending welfare for single mothers) would work. The question is ... is it morally right?"

Clinton's firm embrace of the Murray analysis means the intellectual debate over welfare policy is essentially over; we are now debating the relative merits of changing the current system vs. dismantling it.

► **Acknowledgment among experts in the field that a strong link exists between social pathologies, exploding rates of illegitimacy and welfare payments to single mothers.** By the end of the decade, according to the most reliable projections, 40% of all American births and 80% of minority



By Elysa A. McLean, USA TODAY

births will be illegitimate. These numbers have frightening social implications.

Welfare may not cause illegitimacy, but it does make it economically viable. There is hardly any question anymore that illegitimacy rates would fall, probably dramatically, if payments under the Aid for Families with Dependent Children program were stopped. Welfare is illegitimacy's economic life-support system.

► **Agreement on an important moral principle:** Having children out of wedlock is wrong — not simply economically unwise for the individuals involved, or a financial burden on society, but morally wrong.

Even Secretary of Health and Human Services Donna Shalala, she of impeccable liberal credentials, said in a recent interview that "I don't like to put this in moral terms, but I do believe that having children out of wedlock is just wrong."

Unfortunately, it is not at all clear that politicians, including most Republicans, are willing to propose legislation that is intellectually consistent with the arguments and analysis. Most proposals now on the table miss the essential point of welfare reform — not to ensure tougher work provisions and job training but to go after, root and branch, a system that fosters illegitimacy and its atten-

dant social pathologies.

Republicans should propose to end welfare for anyone having a child out of wedlock. Our preference is to end, one year after the legislation is passed, all forms of economic support for single mothers who have new children, including AFDC payments, subsidized housing and food stamps; further, end at a date certain all forms of assistance for those single mothers currently on welfare, end visitation rights of illegitimate fathers and change tax codes to make them more favorable to marriage and children.

The specifics are less important than the end game; some-

time soon we want welfare to end, and when it does we can judge these policies, and their broad social consequences, against reality.

Making adoption easier is an essential and compassionate part of this effort. Adoption is the best alternative we have to protect a child's interest in a post-welfare world. The demand is virtually unlimited, but society has made adoption exceedingly difficult. Lifting restrictions on interracial adoption and easing age limitations for adoptive parents will, among other measures, help ensure that large numbers of children will be adopted into good, stable, loving homes. And for older children, we must invest generously in the kinds of orphanages and group homes that provide order and care.

Ending welfare in this way is prudent, humane and politically smart. It is prudent because the social science evidence is in: illegitimacy is the surest road to poverty and social decay. And welfare subsidizes and sustains illegitimacy.

It is humane because many more people would live far better lives if we scrapped an entire system that subsidizes out-of-wedlock births. Here's "tough love" on a large scale: End welfare, and young girls considering having a baby out of wedlock would face more

deterrents, greater social stigma and more economic penalties arrayed against them if they have babies. There would therefore be far fewer births to unwed mothers, and far greater life opportunities for those girls.

It is politically smart for Republicans because anything less than calling for an end to welfare will probably ensure that the debate will be conducted on Bill Clinton's terms. That's a sure political loser. On the other hand, calling for the complete abolishment of AFDC is an opportunity for Republicans to make a clean, principled break with an old, failed system; seize the mantle of true reform; and help return our nation to an older, better time, when moral common sense was the touchstone of social policy.

Our welfare system is the most pernicious government program of the past quarter century. (It is also, ironically, one of the most well-intentioned.) We have lost large parts of an entire generation because of the terrible human wreckage left in its wake. Enough is enough. It's time to pull the plug.

William J. Bennett is former secretary of Education and federal drug czar and is author of The Book of Virtues.

THE WHITE HOUSE

WASHINGTON

February 9, 1994

TO: Bruce Reed
David Ellwood
Mary Jo Bane

FROM: Carol H. Rasco *CR* *file*

SUBJECT: Welfare Reform draft

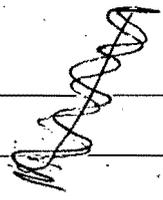
As a follow up to Tuesday's meeting, I want to make certain we all clearly understand that the draft document to be distributed prior to our meeting the week of February 28 must be compiled as a group effort with OMB and NEC. I do not want to spend the meeting with the various departments airing their differences for the first time. I certainly do not expect a consensus document with agreement on all points, but I do hope all departments will include their full range of options in the proposal.

Please let me know if I need to clarify this matter in any way.

Thank you.

cc: Secretary Shalala
Leon Panetta
Bob Rubin
Kathi Way

To: Bruce Reed
David Ellwood
Mary Jo Bane



Fr: CLR

Subj: Welfare Reform draft

Date: 2/9/94

As a follow up to Tuesday's meeting I want to make certain we ~~are~~ all clearly understand that the draft document to be distributed prior to our meeting the week of Feb. 28 must be compiled ~~as a group effort with the [unclear] team.~~ I do not want to spend the meeting with the various departments airing their differences for the first time. I certainly do not expect a consensus document with agreement on all points, but I do hope all departments will ~~submit~~ include their full range of options in the proposal.

OMB &
The NEC.

Please let me know if I need to clarify this matter in any way.

Thank you.

Secretary Shabala Leon Panetta Bob Rubin
cc: Kathi Way
~~Barb Sall~~

Tommy G. Thompson
Governor
Gerald Whitburn
Secretary



7-27-93
sent orig.
to KW

Address
Wilson Street
Post Office Box 7850
Madison, WI 53707-7850
Phone (608) 266-9622

State of Wisconsin
Department of Health and Social Services

July 19, 1993

Ms. Carol Rasco
Assistant to the President
Domestic Policy Council
1600 Pennsylvania Avenue NW
Washington DC 20506

JUL 23 RECD

Kathi -
What kind of
response do you
suggest - if at all -
CHR

Dear Carol:

I enjoyed our recent conversation and wanted to drop you this note of follow-up concerning Governor Thompson's "Work Not Welfare" welfare reform proposal.

We expect HSS approval of these waivers soon and I want to reiterate our Administration's interest in having the President personally involved in the approvals.

As you know, our time limited cash benefit model mirrors in many ways the President's proposal during the campaign.

Newspapers from all over Wisconsin have embraced this proposal and it enjoys significant bipartisan support.

Best regards.

Sincerely,

Handwritten signature of Gerald Whitburn in cursive.

Gerald Whitburn
Secretary

Enclosure

WORK NOT WELFARE

EDITORIAL SUPPORT



TOMMY G. THOMPSON, GOVERNOR

THE WALL STREET JOURNAL.

June 3, 1993

Work Not Welfare

Bill Clinton vowed to "end welfare as we know it" and proposed a two-year limit on welfare benefits for able-bodied adults. Now there's a proposal to do just that. In Wisconsin.

Wisconsin Governor Tommy Thompson has announced an ambitious pilot program to radically reshape the welfare system in his state. If it works, it could give the word welfare back its original definition as a temporary helping hand, not a permanent way of life. Governor Thompson sounded a lot like Candidate Clinton when he said, "We need a welfare system that rewards work and prohibits long-term dependency."

Work Not Welfare is the title of the proposed program. While many other programs in Wisconsin and elsewhere encourage welfare recipients to work, Work Not Welfare *requires* it. The program is aimed at people—mostly young women—receiving Aid to Families With Dependent Children. Under the plan, every able-bodied person applying for AFDC benefits will be required to sign a contract pledging to work for benefits. Within 30 days, she must begin a job or job-training. The state will provide training, child care, transportation, health benefits and job-placement assistance. If a recipient can't find a private-sector job, the government will provide one in the public sector.

What makes the Wisconsin plan even more radical—and what gives it its best shot at working—is that it puts a limit on the length of time someone can stay on welfare. Under Governor Thompson's proposal, after two years, cash benefits will cease. After the third year, medical and child-care benefits will stop. (Children would continue to receive non-

cash benefits such as food and medical care.) Common-sense exceptions would be made, such as for teenage mothers who need to finish high school or parents of severely handicapped children.

Another radical feature of Work Not Welfare is how it treats food stamps. It essentially does away with them, paying out the equivalent amount in cash. A mother with two children who now gets \$517 a month in cash and \$212 in food stamps would instead receive \$729 in cash.

This recognizes the reality that food stamps are fungible, that it's an easy matter to convert food stamps into cash on the black market. More important, cashing out food stamps helps to approximate more closely the true value of a recipient's welfare benefits. Because in-kind benefits such as food stamps usually aren't calculated as income, this has the pernicious effect of suggesting that the poor are worse off than they really are.

Wisconsin has long been a leader in welfare reform. Work Not Welfare is just the latest in a series of reforms under Governor Thompson that have resulted in a 17% decrease since 1987 in the number of people receiving AFDC benefits in the state. Over the same time period only two other states (Iowa and Illinois) saw their caseloads decline; all the rest saw their welfare rolls increase.

Work Not Welfare has bipartisan support in the Wisconsin legislature, which is likely to approve a pilot program for two counties. Less certain are the waivers that Wisconsin must get from the U.S. Department of Health and Human Services to introduce the pilot program.

In a visit to Milwaukee Tuesday, President Clinton once again embraced the idea of limiting welfare benefits to two years, though he didn't endorse Work Not Welfare. How his administration responds to Wisconsin's request will suggest how serious he is about the much touted goal of welfare reform.



Tommy Thompson

May 30, 1993

OUR OPINION

Welfare plan could work

The welfare reform plan unveiled by Gov. Tommy Thompson on Thursday will quickly be denounced as "draconian" and even "slavery" by those paleo-liberals who cling to the outdated notion that society owes people a living.

Pay them no heed. The potential worth of this program is revealed in comments from several right-thinking Democrats in the state Assembly, whose chief complaint with the Work Not Welfare proposal seems to be "We thought of it first!"



Tommy Thompson

Just how necessary this program is can be determined from the comments of Assembly Majority Leader David Travis, D-Madison, who said, "We have to work to end the intergenerational dependency which is being fostered by the Aid to Families with Dependent Children system we have currently."

And its necessity can be determined as well from a single statistic: 65 percent of the 81,000 families on state AFDC rolls will spend eight years or more collecting welfare when they ought to be working.

Work Not Welfare could change that number dramatically. It would give families two years of welfare eligibility, while expecting them to work at the same time. The level of benefits received would determine how many hours a week adult recipients would be expected to put in. For instance, a family consisting of one adult and three children would receive \$874 in monthly benefits — but the adult would be required to work 40 hours a week.

The jobs would come from four sources:

regular jobs; partially subsidized jobs, where the state would reimburse the employer for providing on-the-job training; jobs with non-profit or government agencies doing work that otherwise would have gone undone, or placement in a fully subsidized job created specifically for program participants. Child care would be provided. At the end of two years, monthly benefit payments would end, but medical assistance, child care and perhaps food stamps could continue for up to another year if necessary.

Thompson hopes to get the necessary waivers from the federal government by the end of summer — it doesn't hurt that both Secretary of Health and Human Services Donna Shalala and government welfare expert Paul Offner have ties to Wisconsin — and put Work Not Welfare to work in two counties sometime next year.

Yes, there are still questions left unanswered and potential problems still to be solved. There is no firm estimate of start-up costs, nor a cohesive "safety net" to catch those children whose parents simply refuse to work.

But these are not insurmountable obstacles. Thompson is sincere when he vows that no one will starve under Work Not Welfare. He is equally sincere in his beliefs that able-bodied people ought to work to support themselves, and that welfare ought not to be a reward for irresponsible parenting. Those beliefs are shared by the vast majority of Wisconsin taxpayers.

Because of programs like Work Not Welfare, Wisconsin has become a national leader in welfare reform. This state has moved more people off welfare in the past five years than every other state combined — even though Wisconsin's benefits are among the most generous in the nation.

Milwaukee Sentinel

June 7, 1993

Approve it: Thompson welfare deadline plan is step forward

A messy game of partisanship and authorship was greeted Republican Gov. Tommy G. Thompson's proposed "work, not welfare" program.

But there should be enough agreement about the plan's primary goal to enable both major political parties to arrive at some kind of accommodation and turn the plan into law.

If nothing else, the fact that the Clinton administration is leaning in Thompson's direction in this one should give Democratic lawmakers some political cover from which they can support legislation that partisanship might otherwise force them to oppose.

Just as the Thompson team was making the rounds of editorial boards to stimulate support for the plan, Donna Shalala, Clinton's secretary of

health and human services and former University of Wisconsin — Madison chancellor, was saying that low-income women should not stay home at taxpayer expense while working class mothers work to support their families.

The statement was consistent with President Clinton's notion that low-income Americans should be given education, training and public assistance for two years, followed by work requirements for those who are able.

And it was entirely consistent with Thompson's efforts to beat the federal government to the punch and have welfare-to-work requirements on the books in Wisconsin before the end of the year.

But a pride of authorship contest has started between state Democrats and the Republican

governor over who gets the credit for the plan. Democrats claim Thompson's plan borrows much from their "Wisconsin Works" plan of a previous legislative session.

Although there are similarities, there is one huge difference.

Thompson would establish deadlines for recipients of Aid to Families with Dependent Children to look for work, ending welfare payments after two years.

Last year's Democratic plan, while ending many welfare programs, would have allowed recipients to retain their eligibility indefinitely as long as they were looking for employment or held public-service jobs.

Thompson's plan is best defined as time-limited

benefits, giving recipients up to three years. If one includes transitional medical and child care benefits, to put their lives in focus.

It's an ambitious program — radical, some say — to draw down the welfare rolls with a combination of training, incentive and a safety net and yet set a deadline that must be met.

Democrats may want to take some time to fire off a few partisan rounds while Thompson seeks federal waivers from the Clinton administration to enact the plan.

But as Assembly Speaker Walter J. Kunicki (D-Milwaukee) said:

"A good idea is a good idea. We'll give the governor a little kick in the pants — and then pass the plan."

Welfare proposal merits discussion

Welfare can be a lifesaver in times of need.

But it can also become an addiction and a way of life.

It's that addiction and lifestyle that a new state proposal aims to address, by requiring able bodied

welfare recipients to work in exchange for cash benefits.

The "Work Not Welfare" proposal was announced Thursday by Gov. Tommy Thompson and State Rep. John Gard. (See Page 1 story.) Individuals applying for AFDC would have to sign a contract pledging to work for benefits. Within 30 days recipients would begin work, or training for work. After one year, recipients would have to be working in a private sector job for pay, or in a public sector job in exchange for their benefits. After two years, their cash benefits would end. Child and health care benefits would continue for another year.

Welfare not only has become a great burden on society, it has become a burden on those who are trapped in its culture.

Society has an obligation to help those in need. But it also has an obligation to allow able bodied people to become productive citizens by forcing them to fend for themselves in the competitive work world.

There's a condition to that, however; there must be reasonable hope that a decent-paying job can be obtained. With the loss of thousands of manufacturing jobs (compounded by this week's announcement that Briggs & Stratton is moving more work to Mexico), the work option remaining is often a job with low pay and no benefits.

The "Work Not Welfare" proposal hopes to address the need for jobs by generating employment through a partnership between business, local communities and government. That partnership could be the critical factor in the success for failure of the proposal.

"Work Not Welfare" can become a catalyst for better lives for thousands of Wisconsin residents — but only if the efforts to promote a strong job market are as great as the efforts to cut welfare benefits.

Editorial

ASHLAND DAILY PRESS
 May 29, 1993

In Our Opinion

Welfare reform

Proposal limits AFDC payments

How do you motivate AFDC recipients to find work and get off welfare?

There are different theories on that. One theory says you encourage the recipient to get training so she, or he, is qualified to work. Another theory says you stimulate the economy so there are jobs out there. Gov. Tommy Thompson has a different theory. He says you stop sending the checks.

Thompson has proposed cutting off AFDC recipients after two years. Those who are able-bodied would be required to either work during that time or receive job training.

There's nothing wrong would the theory, provided that the recipient is qualified for a job or that a job is available. Certainly each individual has a responsibility to take care of his or her own needs, to earn an income and pay bills. Circumstances do occur, however, which make that difficult or impossible for some. That's why there is a safety net. That safety net exists not so much for the adult family members, but to insure that the children do not end up neglected.

Certainly there are people who take advantage of the situation. Why get a job when the state will pay your bills for you? The average length of AFDC payments per individual is six years. That tells you something.

How was it determined that two years is the maximum time allowed for benefits. Fixing an arbitrary number to benefits begs the question. Everyone's needs are different. Everyone's preparation time to enter the job market is different.

We are not arguing against a cutoff date. For those abusing the system a cutoff is the only motivation which will work. That cutoff should be based on circumstances, however, not on bureaucratic convenience. Those undergoing job training should have the opportunity to complete their training, regardless of deadline. Those making a conscientious effort to find work should be allowed to continue public service work until a job is offered. A mandatory two-year cutoff is no guarantee that everyone who wants work will find it.

Work should replace welfare

Marshfield News-Herald
May 29, 1993

WORK NOT Welfare.

That's the name of the newest welfare pilot program in Wisconsin, which was unveiled by Gov. Tommy Thompson Thursday.

Initially, if it gets the necessary waivers from the Clinton administration, it will be tested in two of Wisconsin's 72 counties. If it works, look for it to be pushed statewide — and perhaps even nationwide.

Put simply, it will require able-bodied welfare recipients to work. And, in turn, the state will pledge to provide participants with education and training, child and health care, transportation and job placement assistance.

PARTICIPANTS WILL be asked to sign a contract. After two years, cash welfare payments will end. Transitional medical and child care benefits, however, will be available to employed recipients for an additional year.

Once those benefits end, the recipients will not be eligible for Aid to Families with Dependent Children benefits in Wisconsin for three years.

Does it sound tough? Perhaps.
Is it fair? You bet.

There have to be serious attempts made to break this welfare cycle. Studies show that 65 percent of the current AFDC recipients currently spend eight or more years on welfare.

WELFARE THUS becomes a way of life, rather than a way out of poverty. There is a money handout, but no real personal help in the program as it is presently structured.

As Gov. Thompson pointed out, "Our current welfare

system discourages work and encourages long-term dependency. We need a welfare system that rewards work and prohibits long-term dependency."

Under the plan, a Community Steering Committee would be set up to coordinate local private and public employment and support for participants. In these days of a tight job market, this might be the toughest hurdle to cross.

THE PROGRAM also will build in a "safety net" for children.

This new pilot program falls atop other reforms such as Learnfare, which requires children of welfare parents to attend school. Benefits are cut for those who don't. Other programs in motion here are Children First and the Parental and Family Responsibility Initiative.

These programs have been questioned and criticized. Yet they have helped to focus on the welfare program, its failures and its costs.

We want to help those on welfare get off the dole and feel good about themselves. Sometimes all it will take is education and job training and employers who are willing to play a role.

WORK NOT WELFARE should be easy to sell. It offers hope. And, in time, this pilot program might well help reduce the AFDC caseload even more in this state.

The concept of welfare should be "a temporary hand-up, not a permanent hand-out."

Let's get this plan off paper and into motion.

Thompson calling for bold reform

Wisconsin has acquired a reputation for innovations in welfare programs designed to break the cycle of a welfare life.

It's been one of the hallmarks of Gov. Tommy Thompson, and while he gets a share of criticism for the experiments, the overall record of Wisconsin and welfare reform is positive.

Now comes Tommy Thompson with a new initiative.

"It's very simple. If you're asked to work and you don't work, you don't get paid," Thompson explained about his new proposal.

There are the usual preliminary steps to be taken before the new plan can be put into effect. For one thing, it will require a federal exemption. But President Clinton has specifically called for state initiatives in this field, and Health and Social Services Secretary Donna Shalala is aware of the Wisconsin record in welfare re-

forms.

Even so, this new program is especially bold. As the governor said: It "does not encourage welfare recipients to work; it requires them to work."

"Work, not welfare, is what people want and need," he added.

As with all welfare initiatives, this will have to be run on a limited experimental basis. That is so any complications can be identified and remedied.

The most obvious question and the first problem to be dealt with is this: Where are the jobs?

Perhaps it is true that some people on welfare are there by their own choice and remain because they like it there. But that is certainly not true of all. Many would work if only work were available.

If this initiative is to be successful, creation of jobs will be the key.

FOND DU LAC REPORTER
June 1, 1993

Prospects exciting for new welfare plan

Gov. Tommy G. Thompson's "Work Not Welfare" plan unveiled last week represents the type of innovative thinking his administration has become noted for.

Wisconsin has led the nation in welfare reform, leading to a significant AFDC caseload decline since 1987.

But few deny more can be accomplished. Thompson's latest proposal does just that by promising to end welfare dependency. It contains mandatory work requirements and time-limited cash benefits while expanding training and employment services and guaranteeing child care. Even welfare recipients, for the most part, will say they would rather work.

Again, waivers will be required from the federal government. We hope the Clinton Administration sees fit to grant them, and the Wisconsin Legislature sees fit to establish the new plan.

Once approved at all levels, the plan will be set up in two counties as a pilot program.

After that, presuming success, "Work Not Welfare" can be expanded into other counties. The prospects are exciting.

OUR VIEW

VIEWPOINT

Dennis J. Colling, General Manager Larry Betch, Managing Editor

Marquette Eagle-Star ■ Wednesday, June 2, 1993 ■ 4

TOTAL P. 31

Thompson's plan a bold move toward true welfare reform

Three cheers to Gov. Tommy Thompson's newest and perhaps boldest shot at true welfare reform in the state.

The latest plan, dubbed "Work Not Welfare," will require able-bodied welfare recipients to work in exchange for cash benefits. In addition, recipients will not be allowed to collect cash benefits for more than two years.

The program, which came under fire from a handful of state Democrats when it was released late last week, will require individuals applying for AFDC (Aid to Families With Dependent Children) benefits to sign a contract pledging to work for benefits. Within 30 days, they would be

OUR OPINION

required to begin work or job training. After one year, recipients must be working in a private sector job for pay or in a public job in exchange for benefits.

The plan, lauded by Thompson as "revolutionary," will be tried out in two as-yet-unnamed test counties. We're not sure we would call the plan revolutionary prior to a trial period, but it will put the state at the forefront of welfare reform efforts taking place across the country.

Work Not Welfare will compliment other Wisconsin welfare reform plans that

promote individual responsibility and self-sufficiency such as the Two-Tier Welfare Demonstration Project and the Parental and Family Responsibility Initiative, both of which were approved in 1992; Children First, approved in 1988; and Learnfare, approved in 1987.

The newest plan, which Thompson trumpets as a way to end welfare dependency, was criticized by Rep. Shirley I. Krug, D-Milwaukee, because, she says, it may leave some people — and their children — out on the street who can't find jobs.

Her concerns deserve attention, but the extent to which she may or may not be right won't be known until after the plan is

tried out.

On the positive side, the plan does ensure transitional benefits — child and health care — for one year after cash benefits end. And the state will work with private businesses to encourage the hiring of AFDC recipients.

Gerald Whitburn, secretary of the Department of Health and Social Services, sees Work Not Welfare as a "tremendous opportunity" to move people off welfare more quickly.

We hope his perceptions are accurate. Wisconsin needs the type of strong impetus this plan will provide if it ever wants to achieve true welfare reform.

In our view

Reform of welfare is overdue

■ 65 percent of 81,000 state families receiving AFDC will spend eight years on welfare

The political gamesmanship surrounding Gov. Tommy Thompson's latest welfare proposal unfortunately is obscuring the substance of the plan.

Thompson last week unveiled his Work Not Welfare plan to put new Aid to Families with Dependent Children recipients under a two-year program of job training and work. Its key provision would eliminate cash benefits after two years.

The ink was hardly dry on the proposal when Democrats in the Legislature accused the Republican governor of stealing their welfare reform ideas.

"What he did was take our plan after he shot holes in it when we proposed it, put his letterhead on it and called it his own," said Assembly Speaker Walter Kunicki, D-Milwaukee.

Thompson administration officials responded that the governor's proposal was an improvement over the Democratic measure. They said the Thompson plan would be less costly for taxpayers and would provide greater incentives for people to find work.

It all sounds like the typical posturing that takes place after the introduction of major legislation.

In this case, however, the partisan nonsense has to stop. And there appears to be plenty of room for lawmakers to develop a reasonable compromise.

Most politicians — Democrat and Republican — believe the welfare system needs to be overhauled. They are concerned about numbers like these: 65 percent of the 81,000 Wisconsin families receiving Aid to Families with Dependent Children will spend eight years or more on welfare.

We see no reason, aside from petty politics, why Democrats and Republicans cannot work together on a plan to end long-term dependency on welfare.

Such a plan must provide greater incentive for people to work, rather than to stay on welfare. Under the existing system, the working poor too often lack access to child care, health care and other benefits available to welfare recipients.

The plan also must be designed to provide short-term benefits, while ensuring that a safety net exists for those who cannot work or find a job.

In the meantime, government must encourage economic development and job creation, particularly in areas with high unemployment.

Thompson and the Democrats are onto some good ideas for reforming welfare that need fine-tuning. If they would leave the partisan wrangling for another day and another issue, they probably would be pretty close to getting the job done.

Opinion

■ **Mike Scobey**, Publisher
Claude Werder, Managing Editor

Opinion Page Editor
Tom Berger, 845-0664

Make able-bodied welfare recipients work for aid

In the real world, people without jobs scrape to get by until they're re-employed.

But in the world of Wisconsin, welfare people with children can make a career of not working.

The national average: two-thirds of families on Aid to Families with Dependent Children, or AFDC, have spent eight or more years on the program. Our state's statistics are incomplete, but it's unlikely Wisconsin's relatively generous benefits would prompt welfare families to get off sooner.

Now Gov. Tommy G. Thompson wants to put an end to the endless welfare loop with "Work Not Welfare," subtitled, "Wisconsin's Independence Plan for Welfare Recipients." Able-bodied welfare recipients would be required to get training and work in exchange for cash benefits, which would run out after two years. After that they wouldn't be eligible for cash for another three years.

The plan:

■ Everyone applying for AFDC signs a contract pledging to work for benefits.

Our View

■ Within 30 days, recipients begin work or training for work.

■ After a year, recipients must be working in a private job for pay or in a public job in exchange for benefits.

■ After two years, cash benefits end.

■ Child and health care continue for one year after cash benefits end.

■ Businesses, communities and government would form partnerships to make jobs available.

This is long overdue. What's more, it is President Clinton's campaign pledge — to place time limits on welfare payments — put into practice. And it is common sense.

Welfare was intended to get families through hard times, not to replace productive, income-earning jobs. When men and women have children they — not the government — are supposed to support their offspring. If they are able to work they should.

This isn't a throw-'em-to-the-wolves plan. It has a strong training and counseling component. Mentoring is a key part. Its aim is to make people employable, not to starve their children or evict them from their houses.

Look, there are too many people out there

busting their butts, working two, three jobs to support their kids, to let anyone else rip off taxpayers by taking advantage of an open-ended welfare system.

This is so good a plan that Democrats are claiming they thought of it, although their version didn't rely on private jobs like Thompson's does.

The Clinton administration should approve the waiver Wisconsin needs to give it a try — the president could live up to *one* promise — and the Legislature ought to pass enabling legislation.

Besides that, if Marathon County isn't doing everything it can to be one of the two test counties then our county administrator should explain why.

Issue
"Work Not Welfare"
Our view
Marathon County should apply

June 9, 1993

A way to reform welfare

Initial indications are that the Wisconsin Legislature is finally going to take major action to reform the state's misdirected welfare program.

Not only the Republicans, whose endorsement of Governor Tommy Thompson's proposed welfare reform was expected, but also the Democrats have been expressing strong support for the plan. What an improved difference it makes to have two-party control in the Legislature in contrast to the one-party system that dominated Wisconsin government for so many years.

The governor's proposal is the nation's first welfare reform program that would require work and would place a limit on how long an individual can receive welfare benefits. Already known as the "Work Not Welfare" project, the program would require able-bodied welfare recipients to work in exchange for cash benefits and they could not collect cash benefits for more than two years - whether employed or not. Work Not Welfare would provide temporary cash assistance, training, child care, health care, transportation, and employment support to enable welfare recipients to work and become self-sufficient.

Wisconsin's present system (like its counterparts throughout the United States) does not place a limit on the length of time an individual can receive welfare. The result is that for many recipients, welfare has become a way of life that destroys initiative, self-esteem and hope - and there are many instances of this legacy being followed by second and third generations in a family.

While Wisconsin's legislators should hang their heads in shame for what they have allowed to exist for decades, they should be applauded for the bipartisan support that the governor's plan is receiving. It would be in Wisconsin's best interest if this bipartisan attitude continues, so that Thompson's plan can receive the Legislature's approval.

Approval won't bring immediate improvements. The present plan is to have Work Not Welfare piloted in one or two Wisconsin counties by 1995 to test its effectiveness. Also, it will require a federal waiver from the Clinton Administration. But if all goes as intended in Madison, Work Not Welfare could become a reality - a new way of life for many - before the end of the decade. Wisconsin is in dire need of the reform.

Lake Geneva Regional News

FOCUS - Oconto County

By the Editor

Oconto County Reporter

June 9, 1993

We support Thompson plan for reducing state welfare costs

We support Governor Tommy Thompson's plan which would require Wisconsin welfare recipients to get jobs. They would have 30 days to hunt for work and one year to get employment.

State Rep. John Gard (R-Peshtigo) concurs wholeheartedly with the Governor's bold new approach at reducing welfare rolls.

Some critics of the proposal argue that there are scores of welfare recipients who lack the education and training to secure jobs.

But Rep. Gard points out that welfare as we now know it does not have a time restraint. The Thompson recommendation does.

Will it become law? Well, it would need approval of the Legislature in Madison and the Clinton administration.

"It's very simple. If you're asked to work and you don't work, you don't get paid," Thompson said.

The Republican governor's programs for reducing the cost of Aid to Families With Dependent Children have attracted national attention for several years.

The latest plan "does not encourage welfare recipients to work; it requires them to work," Thompson told a news conference. "Work, not welfare, is what people want and need."

Because the require-

ment would be tested initially in only a few of Wisconsin's 72 counties, Thompson spokesmen said there was no immediate estimate of how much money the state might save.

Recipients who apply for AFDC would sign a contract promising to begin work or job training within 30 days. They would lose AFDC eligibility if they have not found work within a year, whether for private employers or government agencies.

After two years, there would be no more AFDC monthly checks. At that point, eligibility for medical and child-care benefits would continue, but only for one more year.

"This program will promote responsibility," Gard said. "There are not a lot of frills here. We are promoting independence."

Thompson predicted the government will grant waivers in welfare rules to accommodate the plan because President Clinton urged states to review their AFDC programs.

OFFICE OF DOMESTIC POLICY

THE WHITE HOUSE

JAN 6 REC'D

FROM THE OFFICE OF: CAROL H. RASCO
ASSISTANT TO THE PRESIDENT
FOR DOMESTIC POLICY

TO: _____

DRAFT RESPONSE FOR CHR BY: _____

PLEASE REPLY (COPY TO CHR): _____

PLEASE ADVISE BY: _____

LET'S DISCUSS: _____

FOR YOUR INFORMATION: _____

REPLY USING FORM CODE: _____

FILE: _____

RETURN ORIGINAL TO CHR: _____

SCHEDULE: _____

REMARKS: *See if Bruce or Kathi - sent 1/10 -
going. I believe one
needs to.
I'm not going
Also - is APWA sending a draft
agenda for our meeting that aft.?*

APWA

Kathi SS
Ding

AMERICAN PUBLIC WELFARE ASSOCIATION

Kevin W. Concannon, President
A. Sidney Johnson III, Executive Director

The President and Board of Directors of
the American Public Welfare Association
invite you to a press briefing to release

Responsibility • Work • Pride
The Values of Welfare Reform

containing APWA's recommendations for welfare reform

10 a.m., Tuesday, January 11, 1994
Room 628, Dirksen Senate Office Building
Washington, D.C.

APWA'S RECOMMENDATIONS FOR WELFARE REFORM
THE VALUES OF WELFARE REFORM
RESPONSIBILITY • WORK • PRIDE

MAR 17 REC'D

TO: KATHI WAY
FROM: STAN HERR
SUBJ: WELFARE REFORM AND PERSONS WITH DISABILITIES
DATE: March 14, 1994 (revised March 17, 1994)

Based on the draft discussion papers you gave me to review and my own working knowledge and information on the disability field, I would like to offer these comments for your consideration. Please let me know if I can be of any further help.

1. Persons with disabilities should as a general principle be included within welfare reform frameworks.

I gather from our conversations on the DPC staff that persons with disabilities who are capable of working should have the same opportunities and obligations as others to seek or be trained for work.

2. Employability plans are especially important for persons with disabilities since the concepts of reasonable accommodation in employment and reasonable modifications in state and local government programs require individualized attention as to how qualified persons with disabilities can receive equal benefits and equal employment opportunities.

The Americans with Disabilities Act (ADA) applies to state and local government programs as well to employment in the private sector. As of July 1994, ADA coverage reaches employers as small as 15 or more. The magic number now is firms with 25 employees or less, so we have to be mindful of those obligations.

3. Systematic reviews of the AFDC population may lead to more people applying for SSI benefits, but that system is already clogged with a backlog of nearly one million initial eligibility claims.

The prospect of many folks transferring over from AFDC to SSI is a consequence that should be studied. Will clients and their advocates attempt to requalify potentially eligible persons to the higher paying SSA rolls in significant numbers? Will the already beleaguered SSA be able to cope with even a small new wave of cases, and perhaps a larger one once the clock runs out on some AFDC folks? The pluses and minuses of stimulating a move from one type of welfare to an even more permanent form gives me some pause. For instance, the Administration has recently come under some fire for the growth in DI rolls and the small percentages who leave those rolls. Principal SSA Deputy Commissioner Larry Thompson recently testified before the Ways & Means Social Security Subcomm. on methods for continuing disability reviews, and was met with skepticism and hammering.

According to OMB, Rep. Pickle noted that the DI rolls had grown by 20 percent over the last three years while less than one percent had left the rolls during that period.

4. Clear and consistent language in referring to persons with disabilities is important.

As previously noted, the term "able bodied welfare recipients" can create offense and misunderstanding. The Mayor of New York City (or at least the writers of the N.Y. Times) fell into that trap yesterday. In announcing his plan to put welfare recipients to work in public service jobs, the Mayor is reported to have described his plan as one of the "methods being considered to compel able-bodied welfare recipients to go to work." He went on to say that his plan to target 10,000 people for coerced public service jobs was "based on studies indicating that 30 percent of the people on home relief were classified as able-bodied." (Source: Hicks, "Giuliani Plan to Put Welfare Recipients to Work," Mar. 15, 1994, B1). My point is one must go to considerable pains not only to describe the group properly ("persons with disabilities capable of working" as Bruce noted in one of our DPC meetings), but in ways that the media will not reduce to the old "able-bodied recipients" versus unemployable disabled folks stereotype/dichotomy.

The Feb. 8th draft discussion paper on "Jobs and Time Limits" uses the term "incapacitated" as one applied under current law. I would like to see that definition if it's one you intend to carry-over. Sometimes that term can be overbroad and anachronistic, and it obviously begs the question of situation-specific capacity. For example, an individual with moderate mental retardation may be incapable of understanding a complex experimental medical procedure for purposes of providing informed consent. But the same individual may be perfectly able to perform simple repetitive assembly tasks or be delighted to work on a landscape/lawn-cutting crew.

An example of unclear use of the term "incapacity" is in the discussion of the deferral policy (p. 3) which refers to "illness, including mental illness, incapacity or advanced age" . Does this really mean that mental illnesses can not result in incapacity? Or that people with less serious forms of mental illness that do not result in incapacity should be automatically deferred?

5. For persons with disabilities, deferrals should be granted on a case specific, rather than a categorical basis depending on multiple factors, such as the degree of disability or disabilities, the availability of pre-vocational or vocational opportunities, the availability of accessible transportation to reach job or training sites, and the motivation of the individual.

As long as we have volunteers with disabilities, and a shortage of jobs, training, public service, or related slots, I gather we will avoid the spectacle of compelling the maimed and the mentally impaired to work.

I agree with the notion (see p. 4) that services for "disabled persons could be made available as part of the pre-JOBS phase." I would amend that proposition in two ways: refer to such individuals in the people first language they now prefer, i.e., "persons with disabilities" and change from the conditional verb form to a more forceful expression of making such services as widely available as resources permit.

6. Extensions of time should be granted to persons with disabilities who require longer periods to master skills, obtain effective training programs, negotiate reasonable accommodations, or encounter similar obstacles.

The Feb. 8th document at page 11 correctly identified one of the approaches compatible with ADA and Section 504 remedies: give qualified individuals more time to complete a given task as a form of reasonable accommodation. This also represents a reasonable approach to encourage persons with disabilities to volunteer and seek jobs who might otherwise be eligible for deferrals. One does not want to penalize persons with substantial disabilities who try to enter the world of work and fail despite their best efforts. The references only to some persons who are "learning disabled" or "seriously learning disabled" need to be broadened, I think, to reference specifically persons with mental retardation, severer forms of mental illness, and chronic physical disabilities which may interfere with exertion or other activities in the learning process. I imagine the drafter was using "learning disabled" here as a shorthand for these wider set of conditions, rather than intending any limitation to dyslexia, dysgraphia, and other diagnostic categories professionally referred to as learning disabilities.

My other concern would be whether states should be required rather than simply permitted to offer such extensions of time. In my view, some type of reasonable accommodation of this sort must be offered to meet the letter and spirit of relevant Federal nondiscrimination laws.

Since my comments are based on February documents, I will not offer any specific narrow comments since subsequent documents may be more refined. If you would like me to look at any more recent plans, I will be happy to do so. Similarly if you would like me to examine any particular issue in more depth, I will gladly respond. Thanks for the opportunity to participate in this process.

cc: Bruce Reed
Carol Rasco

CHR

THE WHITE HOUSE
WASHINGTON

November 12, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED

SUBJECT: House Republican Welfare Reform Plan

Earlier this week, House Republicans announced their welfare reform plan, which is based on your campaign pledge to require welfare recipients to work after 2 years. A summary is attached.

I. Elements of the Plan

The Republican plan includes the following major provisions:

- 1. Work:** Requires AFDC recipients to work at the end of two years. Provides \$10 billion over 5 years to states to set up CWEP work programs. Phased in over 10 years, starting with 30% of new applicants in 1995. Gives states the option to drop recipients after 3 years in the work program (and a total of 5 years on AFDC). Also requires fathers of children on AFDC to pay child support or take part in a work program.
- 2. Parental Responsibility:** Requires mothers to identify the father in order to qualify for welfare benefits. Requires teen mothers to live at home. Prohibits additional benefits for additional children born while on welfare. Includes other incentives for school attendance, immunization, parenting classes.
- 3. How to Pay for It:** The Republicans raise about \$20 billion by eliminating SSI and other welfare benefits (except emergency Medicaid) for most non-citizens. They raise another \$20 billion by capping entitlement programs (EITC, AFDC, SSI, Section 8 housing, Food Stamps) at inflation plus 2% -- and by cutting all food and nutrition programs (Food Stamps, WIC, etc.) by 5% and block granting the money to the states. These measures allow them to spend \$2 billion on training and \$10 billion on work programs, and still claim \$21 billion in deficit reduction over 5 years.

II. Pros and Cons

We intend to welcome the Republicans' contribution to the debate, applaud their emphasis on work, responsibility, and your two-year time limit, and pledge a bipartisan effort to pass a welfare reform plan.

If asked, we will express some concerns about the entitlement cap -- it's ridiculous to cap a powerful work incentive like the EITC -- and the across-the-board cut in nutrition programs. We expect the NGA and even some Republican governors to criticize this apparent effort to shift the burden of welfare spending onto the states. We think it's unrealistic to claim that welfare reform can lead to massive deficit reduction in the short run. The Republican plan also doesn't do as much as it could to improve child support collection, or to provide employment and training services to support people in work.

But there is much in the Republican plan that we can work with. We are considering recommending many of the same parental responsibility measures for our own plan, such as requiring mothers to name the father in order to qualify for benefits and no longer giving welfare benefits to teenagers who want to live on their own. The Republican work program is a serious, \$10 billion effort to provide community service jobs -- and they phase in the program at a reasonable pace.

In fact, if they dropped the entitlement cap and block grant provisions, the Republicans would still have a revenue-neutral plan that invests \$12 billion over 5 years -- which is not a bad starting point for the debate.

The Administration's welfare reform working group has just completed a series of regional hearings in California, Tennessee, Chicago, and New Jersey. We will present a series of options to you next month for consideration in the FY95 budget, and develop legislation for introduction early next year.

Republican Task Force Welfare Reform Bill
 Summary of Preliminary CBO Estimates*
 October, 1993

Provision	Year					Total
	94	95	96	97	98	
A. <u>Savings</u>						
Welfare for Noncitizens						
Food Stamps	-	0.4	0.8	0.8	0.8	2.8
AFDC	-	0.1	0.3	0.3	0.3	1.0
SSI	-	1.2	2.5	2.7	3.0	9.4
Medicaid	-	0.9	2.1	2.4	2.7	8.1
Paternity Establishment	0.1	0.2	0.4	0.4	0.4	1.6
Food Block Grant	2.2	2.0	1.4	1.4	1.3	8.3
Subtotal	2.3	4.8	7.5	8.0	8.5	31.1
B. <u>Spending</u>						
State Options**	-0.1	-0.3	-0.3	-0.3	-0.3	-1.3
Work Programs	-	-	-1.0	-1.5	-2.7	-5.2
Day Care	-	-	-0.7	-1.4	-3.0	-5.1
Subtotal	-0.1	-0.3	-2.0	-3.2	-6.0	-11.6
TOTAL	2.2	4.5	5.5	4.8	2.5	19.5

Note. Rows and columns may not add to totals due to rounding.

*CBO has not yet estimated all provisions of the bill.

**Assuming half the stated participate in each option.

**SUMMARY OF WELFARE REFORM LEGISLATION
SPONSORED BY HOUSE REPUBLICANS
Fall, 1993**

I. ATTACKS THE TWO FUNDAMENTAL CAUSES OF WELFARE

CAUSE 1: NONWORK

- Less than 10% of welfare mothers work
- Although many mothers leave welfare within 2 years, many stay for 8 years or more; today there are more than 3 million mothers on AFDC who will remain on welfare during 8 years or more

THE SOLUTION: MANDATORY WORK

- When fully implemented, the Republican bill requires 63% of mothers who have been on AFDC for at least 2 years to work 35 hours per week for their benefits; mothers do not lose their benefits if they work in community or private sector jobs arranged by the state
- Mothers must use the first 2 years on AFDC (less at state option) to participate in education, training, work experience, and job search to prepare for a position in the private economy; if they do not find a job within that 2 years, they must participate in a community work job in order to continue receiving welfare benefits
- Provides states with an additional \$10 billion to provide welfare mothers with employment services, including day care
- One adult in two-parent families on welfare must work 32 hours per week and search for a job 8 hours per week starting the first day they receive welfare
- Mothers applying for welfare must participate in a job search program while their application is being processed
- Fathers of children on welfare who do not pay child support must also participate in work programs
- Mothers who refuse to work have their benefits reduced and then terminated; states failing to ensure that parents work suffer serious financial penalties

CAUSE 2: ILLEGITIMACY

- Illegitimacy has risen wildly in recent years; now 2 of every 3 black children and 1 of every 5 white children are born out of wedlock – and the rates are still rising
- Of illegitimate babies born to teen mothers, a shocking 80% will be on welfare within 5 years
- Teen mothers are the most likely to stay on welfare for many years without working
- Most of the increase in poverty and welfare in recent years is caused, not by a poor economy or reduced government spending (both are up), but by increased illegitimacy

THE SOLUTION: ESTABLISH PATERNITY, RESTRICT WELFARE, CRACK DOWN ON DEADBEAT DADS

- All mothers applying for welfare must identify the father or they will not receive benefits
- After identifying the father, mothers receive a reduced benefit until paternity is legally established
- Mothers who are minors must live at their parent's home, thus preventing them from using an illegitimate birth to establish their own household
- States must increase their paternity establishment rates. over a period of years, to 90% or suffer stiff penalties
- States are required to stop increasing welfare checks when families on welfare have additional children; states can avoid this requirement only if they pass a law exempting themselves
- States are required to stop paying welfare benefits to parents under 18 years of age; states can avoid this requirement only if they pass a law exempting themselves
- Deadbeat dads with children on welfare are required to pay child support or work

(OVER)

II. SLASHES WELFARE FOR NONCITIZENS

THE PROBLEM: TOO MUCH WELFARE FOR TOO MANY IMMIGRANTS

- Hundreds of thousands of noncitizens are added to the nation's welfare programs each year
- A recent study by the Social Security Administration shows that more than 11% of all recipients and 20% of elderly recipients of Supplemental Security Income are noncitizens
- Noncitizens also qualify for Aid to Families with Dependent Children, Food Stamps, Medicaid, housing, and other welfare benefits

THE SOLUTION: STOP WELFARE FOR NONCITIZENS

- Simply end welfare for most noncitizens
- Allow refugees to receive welfare for only a fixed number of years unless they become citizens
- Allow noncitizens over 75 to receive welfare
- Continue the benefits of current noncitizens receiving welfare for 1 year

III. EMPHASIZES PARENTAL RESPONSIBILITY

- Requires mothers who are minors to live at their parent's home
- Requires states, in most cases, to stop welfare payments to unmarried parents under age 18
- Requires states to terminate the cash welfare benefits of families that do not have their preschool children immunized
- Encourage states to reduce the cash welfare benefit of families that do not assure that their children attend school regularly
- Allows states to require AFDC parents to participate in parenting classes and classes on money management
- Allows states to discourage parents from moving to a new school district during the school year

IV. ATTACKS SEVERAL ADDITIONAL WELFARE PROBLEMS

- Requires adults applying for welfare to engage in job search before their benefits start
- Requires addicted recipients of welfare to participate in treatment programs or lose their benefits
- Converts 10 major food programs into a block grant that provides states with almost complete discretion over spending; funding for the programs is reduced by 5%
- Caps spending on Supplemental Security Income, Aid to Families with Dependent Children, Food Stamps, Public and Section 8 Housing, and the Earned Income Tax Credit to inflation plus 2% per year
- Provides states with much greater control over means-tested programs so they can coordinate and streamline welfare spending
- Encourages states to provide financial incentives to induce mothers on welfare to work and marry
- Allows states to let welfare recipients accumulate assets to start a business, buy a home, or attend college
- Allows states and local housing authorities to use more generous income disregard rules to promote work incentives
- Requires addicted recipients of Supplemental Security Income benefits to submit to drug testing; ends SSI benefits for those testing positive for illegal drugs

V. ACCOMPLISHES ALL THE ABOVE IN A BILL THAT REDUCES THE DEFICIT BY \$20 BILLION OVER 5 YEARS

- The training and mandatory work provisions of the bill cost nearly \$12 billion over 5 years
- The paternity establishment, job search, parental responsibility, block grant, and immigration provisions of the bill save about \$31 billion over 5 years.
- Thus, the net impact of the bill is to reduce the budget deficit by almost \$20 billion over 5 years.

file - Welf. Reform
NOV 10 REC'D

CAROL
RASCO

November 9, 1993

MEMORANDUM FOR CIRCULATION

FROM: BRUCE REED

SUBJECT: Talking Points on House GOP Welfare Reform Plan

On Wednesday, November 10, House Republicans will hold a press conference to announce their welfare reform plan, which is based on the President's campaign pledge to require welfare recipients to work after 2 years. The Administration's reaction is spelled out in the attached HHS press release. The key points to stress are:

1. Welfare reform is a bipartisan issue, and we welcome the Republicans' effort to help the President pass a plan. Many elements of the Republican proposal are consistent with the President's vision, including their emphasis on parental responsibility and a two-year time limit followed by work. There is widespread consensus across party, class, and racial lines that the current welfare system is broken. We look forward to working with members of Congress and governors in both parties to fix it.

2. The President has laid the groundwork to make good on his promise to end welfare as we know it. His economic plan included a dramatic expansion in the Earned Income Tax Credit, which will move people off welfare by rewarding work and make good on another campaign promise -- that no one who works full-time with a family at home should live in poverty. The Administration's health reform plan will remove the incentive in the current system for people to stay on welfare in order to keep their health benefits.

The Administration has granted welfare reform waivers on a bipartisan basis to several states, including Iowa, Georgia, and Wisconsin. The Administration's Welfare Reform Working Group has held a series of hearings around the country (including one this week in Memphis) with state and local leaders, people in the welfare system, experts, and citizens who support reform. The Working Group will present policy options to the President later this year, with reform legislation likely early next year.

3. Many elements of the Republican plan are consistent with the President's approach; other elements raise some concerns. We want to do everything we can to reward work, family, and responsibility. Some provisions in the Republican plan raise concerns -- such as capping the EITC, a powerful work incentive with bipartisan support. Moreover, while we believe that welfare reform can save money over the long run by moving people into independence, we are concerned that some of the savings claimed in the Republican plan could shift considerable spending to the states. Finally, we would like to do more in the area of child support enforcement. But we are confident that we can work together with leaders in both parties to develop a welfare reform plan with bipartisan support.

If you have any questions, feel free to call me at 456-6515.

DRAFT STATEMENT RESPONDING TO REPUBLICAN PLAN

Mary Jo Bane, David Ellwood, and Bruce Reed, co-chairs of President Clinton's Working Group on Welfare Reform, issued the following statement today in response to the release of the welfare reform legislation by House Republicans:

"We are pleased that the Republicans in the House of Representatives have entered the debate on welfare reform. We will certainly be looking closely at their legislation in the weeks ahead as we work with Congress and the states and localities to continue the development of the Administration's plan. Many of their proposals address the President's vision for reform, which stresses work, family, opportunity and responsibility.

Clearly there is broad consensus throughout the country and across party lines for fundamental change in the welfare system. The emphasis in the Republican plan on work and parental responsibility is very much in keeping with the President's goals.

While we applaud their emphasis on work, some elements of the plan concern us, such as the cap on the EITC - a powerful work incentive which has bipartisan support - and the across-the-board cuts in cost-effective nutrition programs which are likely to shift costs to the state. Much more can and should also be done to crack down on parents who fail to pay child support. Most importantly, we want a plan that focuses both on opportunity and responsibility, to ensure that Americans can and do work and become self-sufficient in the work force. As the President said in his February 17 address to Congress, "in the end, we want people not to need us any more."

We look forward to working with Congress on a bipartisan basis to develop a plan which fulfills the President's vision of a welfare system which truly helps people to work and become self-sufficient."

**SUMMARY OF WELFARE REFORM LEGISLATION
SPONSORED BY HOUSE REPUBLICANS
Fall, 1993**

I. ATTACKS THE TWO FUNDAMENTAL CAUSES OF WELFARE

CAUSE 1: NONWORK

- Less than 10% of welfare mothers work
- Although many mothers leave welfare within 2 years, many stay for 8 years or more; today there are more than 3 million mothers on AFDC who will remain on welfare during 8 years or more

THE SOLUTION: MANDATORY WORK

- When fully implemented, the Republican bill requires 63% of mothers who have been on AFDC for at least 2 years to work 35 hours per week for their benefits; mothers do not lose their benefits if they work in community or private sector jobs arranged by the state
- Mothers must use the first 2 years on AFDC (less at state option) to participate in education, training, work experience, and job search to prepare for a position in the private economy; if they do not find a job within that 2 years, they must participate in a community work job in order to continue receiving welfare benefits
- Provides states with an additional \$10 billion to provide welfare mothers with employment services, including day care
- One adult in two-parent families on welfare must work 32 hours per week and search for a job 8 hours per week starting the first day they receive welfare
- Mothers applying for welfare must participate in a job search program while their application is being processed
- Fathers of children on welfare who do not pay child support must also participate in work programs
- Mothers who refuse to work have their benefits reduced and then terminated; states failing to ensure that parents work suffer serious financial penalties

CAUSE 2: ILLEGITIMACY

- Illegitimacy has risen wildly in recent years; now 2 of every 3 black children and 1 of every 5 white children are born out of wedlock – and the rates are still rising
- Of illegitimate babies born to teen mothers, a shocking 80% will be on welfare within 5 years
- Teen mothers are the most likely to stay on welfare for many years without working
- Most of the increase in poverty and welfare in recent years is caused, not by a poor economy or reduced government spending (both are up), but by increased illegitimacy

THE SOLUTION: ESTABLISH PATERNITY, RESTRICT WELFARE, CRACK DOWN ON DEADBEAT DADS

- All mothers applying for welfare must identify the father or they will not receive benefits
- After identifying the father, mothers receive a reduced benefit until paternity is legally established
- Mothers who are minors must live at their parent's home, thus preventing them from using an illegitimate birth to establish their own household
- States must increase their paternity establishment rates, over a period of years, to 90% or suffer stiff penalties
- States are required to stop increasing welfare checks when families on welfare have additional children; states can avoid this requirement only if they pass a law exempting themselves
- States are required to stop paying welfare benefits to parents under 18 years of age; states can avoid this requirement only if they pass a law exempting themselves
- Deadbeat dads with children on welfare are required to pay child support or work

(OVER)

II. SLASHES WELFARE FOR NONCITIZENS

THE PROBLEM: TOO MUCH WELFARE FOR TOO MANY IMMIGRANTS

- Hundreds of thousands of noncitizens are added to the nation's welfare programs each year
- A recent study by the Social Security Administration shows that more than 11% of all recipients and 20% of elderly recipients of Supplemental Security Income are noncitizens
- Noncitizens also qualify for Aid to Families with Dependent Children, Food Stamps, Medicaid, housing, and other welfare benefits

THE SOLUTION: STOP WELFARE FOR NONCITIZENS

- Simply end welfare for most noncitizens
- Allow refugees to receive welfare for only a fixed number of years unless they become citizens
- Allow noncitizens over 75 to receive welfare
- Continue the benefits of current noncitizens receiving welfare for 1 year

III. EMPHASIZES PARENTAL RESPONSIBILITY

- Requires mothers who are minors to live at their parent's home
- Requires states, in most cases, to stop welfare payments to unmarried parents under age 18
- Requires states to terminate the cash welfare benefits of families that do not have their preschool children immunized
- Encourage states to reduce the cash welfare benefit of families that do not assure that their children attend school regularly
- Allows states to require AFDC parents to participate in parenting classes and classes on money management
- Allows states to discourage parents from moving to a new school district during the school year

IV. ATTACKS SEVERAL ADDITIONAL WELFARE PROBLEMS

- Requires adults applying for welfare to engage in job search before their benefits start
- Requires addicted recipients of welfare to participate in treatment programs or lose their benefits
- Converts 10 major food programs into a block grant that provides states with almost complete discretion over spending; funding for the programs is reduced by 5%
- Caps spending on Supplemental Security Income, Aid to Families with Dependent Children, Food Stamps, Public and Section 8 Housing, and the Earned Income Tax Credit to inflation plus 2% per year
- Provides states with much greater control over means-tested programs so they can coordinate and streamline welfare spending
- Encourages states to provide financial incentives to induce mothers on welfare to work and marry
- Allows states to let welfare recipients accumulate assets to start a business, buy a home, or attend college
- Allows states and local housing authorities to use more generous income disregard rules to promote work incentives
- Requires addicted recipients of Supplemental Security Income benefits to submit to drug testing; ends SSI benefits for those testing positive for illegal drugs

V. ACCOMPLISHES ALL THE ABOVE IN A BILL THAT REDUCES THE DEFICIT BY \$20 BILLION OVER 5 YEARS

- The training and mandatory work provisions of the bill cost nearly \$12 billion over 5 years
- The paternity establishment, job search, parental responsibility, block grant, and immigration provisions of the bill save about \$31 billion over 5 years.
- Thus, the net impact of the bill is to reduce the budget deficit by almost \$20 billion over 5 years.

old base
(HK)

THE WHITE HOUSE

WASHINGTON

March 9, 1993

file

MEMORANDUM FOR CAROL RASCO

FROM: HOWARD G. PASTER *HP*
LEGISLATIVE AFFAIRS

SUBJECT: WELFARE REFORM

Enclosed please find a copy of the letter that was sent to the President from Representative Bill Paxon (R-NY). I would appreciate your office reviewing Representative Paxon's proposal as you formulate our Nation's welfare reform program.

Thank you very much for your assistance with this matter. If you have any questions, please feel free to call LeeAnn at 456-7500.

Enclosure



009/162

Congress of the United States

House of Representatives

BILL PAXON
31ST DISTRICT, NEW YORK
February 19, 1993

President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

In response to your challenge to Members of Congress to propose specific spending cuts and reforms to federal government programs, I am hereby providing a list of innovative ideas that will reduce the cost of government.

As Co-Chairman of the House Task Force on Welfare Reform, I have found these proposals to save not only tens of billions in federal revenue but also assist states in generating savings.

These solutions include:

Mandatory Workfare To restore the work ethic and break the cycle of welfare dependency, require that all able-bodied welfare recipients under age 65 work full-time for their benefits.

Maximum Family Grant To discourage growth in family size while on public assistance, prohibit any increase in benefits for additional children born to mothers receiving assistance.

Fraud Detection To weed out welfare fraud and reduce taxpayer costs:

- * establish a national welfare inspector general;
- * implement a national toll-free 1-800 number for citizens to report welfare waste;
- * provide all welfare recipients with a photo and thumbprint identification for cashing welfare checks and obtaining services.

Property Tax Relief New York is one of just ten states to force property taxpayers to pay for welfare programs, which in turn

reduces incentives for the state to reform welfare. Eliminate ability of states to force welfare costs onto local taxpayers.

Criminal Penalties Establish tough, no-nonsense federal penalties for welfare fraud and require states to enact similar laws.

Maintaining the Family To encourage maintenance of the family unit, require children up to age 18 who receive welfare benefits to reside with a parent.

Making Education a Priority Reduce grants for: teen-age mothers who do not continue their schooling; families with habitually truant school children; families that do not have regular preventative medical checkups; or do not pay their rent on time.

Accelerate State Reforms Many welfare cost-cutting reforms have sprung from state innovations, yet federal rules stifle these reforms. Remove present federal restrictions that halt state welfare reforms and cost reductions.

Burdensome Mandates Washington often mandates new welfare programs on the states, yet refuses to fully fund these programs leaving costs to state and local taxpayers. Prohibit federal and state welfare mandates that are not funded.

Improve Oversight Consolidate and coordinate the federal agencies that presently have jurisdiction over welfare and which have created costly duplication and limits oversight.

New Residency Laws Many welfare recipients move from state to state, not in search of jobs, but simply bigger welfare checks. When recipients move to a higher benefit state, like New York, limit their benefit to the level of their former home state for one year.

Service Copayments Overutilization of medical services is a serious cause of spiraling Medicaid costs. Require copayments by welfare recipients for medical care and other services to reduce wasteful overutilization.

President Bill Clinton -- Page 3

Stop Benefits to Exconvicts Halt all welfare benefits to repeat felony convicts.

Child Support Collection Millions of dollars each year are been paid by taxpayers because delinquent fathers refuse to make support payments. Enhance support collection, including use of bank cross-checks to locate out of state funds.

Removing Illegal Aliens While many American families cannot afford health insurance, welfare pays medical bills for illegal aliens. Halt welfare and medical coverage for illegal aliens and their dependents.

While I was pleased that you spoke of welfare reform in the State of the Union on Wednesday, I am disappointed that we must now "study" the issue before implementing cost savings. Welfare reform has been studied for many years. The solutions are clear and the time to act is now.

I look forward to working with you to immediately implement these specific reforms in an effort to maximize government welfare programs and provide taxpayer savings.

Best wishes.

Sincerely,



BILL PAXON
Representative

BP: dm

THE WHITE HOUSE

WASHINGTON

March 9, 1993

Dear Representative Paxon:

Thank you for your letter regarding the reform of our Nation's welfare system. I appreciate your alerting the President to your concerns.

As you are aware, welfare reform remains high on the President's priority list. As he stated in his address to the Joint Session of Congress, "no one wants to change the welfare system as badly as those who are trapped in it." It is our hope that sometime this year we will be able to present to Congress a plan to reform the welfare system.

The President has been advised of your recommendations, and a copy of your letter has been forwarded to the Domestic Policy Office. Be assured your recommendations will be considered as they work to formulate an effective welfare reform program.

Best wishes.

Sincerely,



Howard G. Paster
Assistant to the President
for Legislative Affairs

The Honorable Bill Paxon
House of Representatives
Washington, D.C. 20515

THE WHITE HOUSE

WASHINGTON

March 9, 1993

MEMORANDUM FOR CAROL RASCO

FROM: HOWARD G. PASTER *HP*
LEGISLATIVE AFFAIRS

SUBJECT: WELFARE REFORM

Enclosed please find a copy of the letter that was sent to the President from Representative Wayne Gilchrest (R-MD). I would appreciate your office reviewing Representative Gilchrest's proposal as you formulate our Nation's welfare reform program.

Thank you very much for your assistance with this matter. If you have any questions, please feel free to call LeeAnn at 456-7500.

Enclosure

004590

WAYNE T. GILCREST
1ST DISTRICT, MARYLAND



412 CANNON HOUSE OFFICE BUILDING
WASHINGTON, DC 20515-2001
TELEPHONE: (202) 225-5311
FAX: (202) 225-0254

Congress of the United States House of Representatives

COMMITTEE ON PUBLIC WORKS
AND TRANSPORTATION
WATER RESOURCES AND ENVIRONMENT
AVIATION
INVESTIGATION AND OVERSIGHT
COMMITTEE ON MERCHANT MARINE
AND FISHERIES
COAST GUARD AND NAVIGATION
ENVIRONMENT AND NATURAL RESOURCES
SELECT COMMITTEE ON AGING
SELECT COMMITTEE ON HUNGER

February 24, 1993

The Honorable William J. Clinton
The President
The White House
1600 Pennsylvania Ave
Washington, D.C.

Dear Mr. President,

I am pleased that welfare reform remains a high priority for your Administration, and am writing to share with you a proposal that would provide manufacturing jobs, housing, and child care for welfare recipients.

I share your commitment to reforming welfare so that recipients obtain skills, become productive workers and end cycle of welfare dependency.

I hope this material will be of assistance, and I look forward to working with you.

Sincerely,

Wayne T. Gilcrest
Member of Congress

WTG:mak

Enclosure

The Welfare Work-Out Program

January 25, 1993

A Proposal by CityWorks -Work-Out, Inc.
(A not for profit corporation)

in Association with

The Living Classrooms Foundation

and

The Otis Warren Company

The following proposal is based on an idea proposed by Douglas L. Becker to the City of Baltimore Development Corporation. The original concept has been further developed by CityWorks into a comprehensive program aimed at permanently breaking the welfare cycle by a holistic approach to the problems of employment, employee business ownership, early childhood care and education, home ownership, and family stability.

We believe the following proposal is extremely practical, relatively low in cost and has the real promise of reducing the need for welfare for only those who truly cannot work. We believe that this program can put thousands of people back to work in real, lasting for profit jobs in employee owned manufacturing.

We also believe this program will have the effect of bringing jobs back to the United States that currently appear lost to third world countries.

The program will require the cooperation and assistance of the Federal, State and Local governments for certain targeted changes to welfare rules. Some capital financial assistance will also be needed from governmental, corporate and foundation sources.

Basic Hypotheses

1. Current law provides that welfare recipients may not work and retain all of their benefits except in certain very narrowly defined circumstances (no more than nine months, public sector jobs or jobs that did not previously exist, etc.)
2. Relatively small modifications to these rules by the federal, state and local governments will make this program feasible.
3. The original idea was to create a manufacturing facility, where with day care provided, welfare recipients could work to produce goods currently manufactured overseas. The workers would be paid some modest wage (say \$1.00 to \$2.00 per hour) in addition to their full welfare benefits (It was assumed that waivers could be gotten from the governments involved)
4. This original premise is incomplete, since it requires that people stay on welfare indefinitely, or that after some period of time the workers would be thrust out into the conventional job market where manufacturing jobs are disappearing at a depressing rate. Over the last twenty years Baltimore lost 75,300 manufacturing jobs - St. Louis lost 67,079, Cleveland lost 150,584, Chicago lost 378,900 and New York lost 725,00. This original concept has the potential to attract the very serious criticism that it is simply a manufacturing scheme that exploits the poor.
5. What is needed is a concept that, while it begins in a similar way, creates a method to create permanent, full wage jobs allowing those who choose to, a way to get out of the welfare system completely with an income and living arrangements that permit a stable and decent life. The ideal candidate for this program would be a single woman with children who is currently living in public housing and who wants a way out - but can't find it.

The Welfare Work Out Proposal

The goal for the program is to create the following condition:

Initially, workers would be paid, say \$2.00 per hour in addition to all public assistance benefits.

During the first two years, their children would be cared for at a day care center at the factory at no cost to the parent. However, the program would not be simply a passive facility, but rather would be designed as an intense educational enrichment program paid for by foundation and corporate gifts.

At the end of two years of successful work, each worker would be paid, say, \$8.00 per hour. They would also automatically own a share in the manufacturing business which would be run as a for profit cooperative. In addition they would be eligible to own a single family home. In this case they would have to have put aside, say, \$1.00 per hour, or \$3840 over the two years to use for the down payment. (Settlement costs can be handled as a second mortgage either through the City's or the State program)

Given a standard of 28% of gross income for housing costs, at \$8.00 per hour, or \$15,360 per year, the employee could afford \$358.00 per month in housing costs. At a 6% interest rate this means that a house costing about \$45,000 is possible. If land is provided by the local jurisdiction or by state or federal programs, a 1200 square foot, three bedroom, single family house can be built for this cost or less.

By looking at housing and wages together, it is possible to achieve both social objectives and allow for profit for the employee owned cooperative. This is the old company town concept turned on its head. Here the employees would own the 'company town'.

The point is that from a business point of view, the cooperative must keep wages as low as possible to remain competitive and from a social point of view, home ownership is the most sought after aspect of the American Dream, and is one of the changes most likely to engender stability and responsibility in the family.

The current average hourly earnings in Maryland for manufacturing jobs is \$12.67 per hour. Non durable goods manufacturing averages \$11.94 per hour and durable goods averages \$13.53 per hour. These rates translate roughly to \$23,000 to \$24,000 per year.

To actually compete in the world market, wages in the Work Out factories must be kept low, buildings and equipment and the educational resources must at least be initially funded by government and charitable sources. However we believe it is possible to create a situation where such public help will not be needed after the initial start up phase.

How To Make it Work

The secret to low cost manufacturing is a long term vendor contract with a national mass distributor. A major retailer such as Wal-Mart, K Mart, Sears or Montgomery Wards buys thousands of products from overseas in hundreds of thousands or millions of units.

In particular, Wal-mart's aggressive Buy American campaign and their willingness to enter into innovative arrangements with vendors makes them likely candidates for this venture. (see attached articles)

Wal-Mart's penchant for contract pricing and net/net deals are appropriate for the Work Out concept, with one exception: If the original workers are paid, say, \$2.00 per hour, all medical and day care costs are subsidized, and all capital costs are debt free, than competing against some selected overseas products is relatively simple. However to build for the future, the initial vendor contracts must include, say the equivalent of \$1.00 per hour which will go into working capital for the development of new products that can eventually be produced profitably as the work force expands to more and more workers making full wages.

Whereas Wal-Mart negotiates to buy at the absolute cost of production of that particular item, with R&D, promotion, marketing etc. paid for by someone else, in the case of the Work Out program the buyer must agree - and products must be produced - at a cost that allows for the future of the Cooperative.

The initial products must be chosen very carefully. To avoid even the appearance of competition with existing American businesses, the chosen products must not only truly replace a product made offshore but the general public must believe that this is in fact the case.

The products must also be stable - that is the buyer must agree to buy many units over a significant period of time so that reliable production forecasts and consequent investment strategies will work. Logical products are those that have significant overseas transportation costs and tariffs or other costs directly related to their overseas manufacture.

Products should be labor intensive rather than capital intensive. Assembly may be the best first step. Obviously, products must either be assembled or manufactured by entry level workers with presumably low skill levels.

The buyer must agree to buy exclusively from CityWorks for that product. Once a price has been set and production runs agreed to, the buyer cannot simply shop around for an overseas or domestic supplier who can produce the product at a slightly lower price. Private label products may make the most sense. In any case, a kind of partnership with the buyer, will be needed to make this work.

It may also be desirable to work with an existing manufacturer who sells to the buyer. (See story on Texas Instruments) This approach would be the most efficient in that the manufacturer would already have the required management and production expertise. However, the program should not be totally devoted to a partnership with any one manufacturer for a number of reasons.

The cooperative needs its independence to develop new products that may be totally inappropriate for any given manufacturer. A total partnership would also give the appearance that the manufacturer was simply using the Work Out program to its own profit. The public perception of the Work Out program must remain on the cooperative itself - not on an intermediary manufacturer.

In terms of new products - not now manufactured in the U.S. or overseas - the cooperative might look first to the utilization of waste products from other industries as raw materials for new uses. The recycling aspect of this is a strong play with Wal-Mart, government and the general public. The whole Work Out program will be strengthened if it can meet as many national goals as possible. The program will attract wider support if simultaneously addresses ending welfare, American competitiveness and the production of recycled products.

These new products must eventually be able to be manufactured at a real labor cost of say, \$8.00 per hour plus benefits. Fortunately, under this plan, there will be a period of years where labor rates will be very low with costs only rising slowly as workers 'graduate' from welfare to full wage status. This period of time will be devoted to developing products for manufacture in a 'full wage' scenario. To the extent there are significant profits, they should be divided between capital reserves for replacement, R&D of new products and dividends to the Cooperatives owners.

Roles of the Players

CityWorks proposes the following arrangement, which we believe is the most likely to succeed in implementing this concept.

1. An Advisory Council be set up immediately. The Council would consist of Douglas L. Becker, the originator of the idea and owner of Sylvan Learning Systems, the President of the City of Baltimore Development Corporation, the Secretary of Economic and Employment Development of the State of Maryland, other appropriate State officials representing housing and social services, the City Director of the Office of Employment Development, Commissioner of Housing and Community Development, Director of Social Services, the President of the Abell Foundation and other foundation leaders, and selected business and community leaders. An Executive Committee of three to no more than five people should be responsible for the day to day activities of the Council.

The Council would serve as the liaison with all appropriate government programs and agencies that will be involved. The Council would work in partnership with CityWorks and its associates on every aspect of the program.

2. CityWorks and its associates would put together the team to actually develop the first factories - one in Baltimore City as its urban prototype and one in Dorchester County (Cambridge, Md.) as a rural prototype. Suitable buildings have been identified in both jurisdictions which would be evaluated in the feasibility study.

3. CityWorks would initially own the structures and equipment but would set up the legal mechanism whereby the Cooperative would take ownership as soon as a certain number of workers graduated to full wage status, certain pro forma tests were met, etc. In other words, CityWorks would disappear from an ownership or directorial role when certain empirical tests were met. This arrangement would be made legally binding in the beginning, so that all those involved knew that they would get control as soon as the business was viable. (a condominium association essentially works this way.)

4. Through the Council, CityWorks would undertake to construct the housing component using the proven low income housing experience of Otis Warren. CityWorks, using the resources of the Living Classrooms Foundation, would also raise the money, design the educational component, and run the day care/educational facilities. After ownership is given over to the Cooperative, the day care and housing components will still be provided by CityWorks if needed for some period of time.

5. In addition, CityWorks will also provide counseling to the workers in terms of basic financial management, home ownership responsibilities, and similar services to help make the transition from a welfare orientation to a fully employed, self sufficient culture. A food cooperative as well as transportation and insurance issues may also have to be addressed.

We believe that the combination of an entrepreneurial, publicly motivated but legally separate non profit entity such as CityWorks Work Out, Inc., and its associates, working in partnership with the economic development entities of government, is the most practical method to actually accomplish this program.

Any program of such radical dimensions will attract critics from all segments of society. Stakeholders in any part of the current system will resist change no matter what the virtue of the proposal and unfortunately many of these critics may come from within government where some may have the ability to delay or otherwise diminish the effectiveness of the program. It is therefore important that an outside entity, free to move quickly and decisively, unburdened by direct government control, be the actual implementing party. On the other hand, the program can only work if there is a real partnership with each level of government. Committed political leadership at the top will be necessary to push through the inevitable resistance to change.

Next Steps - Implementation

CityWorks proposes to carry out a full feasibility-proof of concept study to test the viability of the project. Over a period of 150 days from funding, the study team will:

1. Obtain options on two suitable buildings -- one in Baltimore City and one in Cambridge Md. The buildings will be evaluated by our physical development consultants - Whitney, Bailey, Cox and Magnani - Engineers, Marks Thomas and Associates - Architects, LDR International - Planners, and a building contractor (to be selected). Buildings will be evaluated for suitability for general manufacturing, basic systems, structural integrity, preliminary costing for required improvements, and value for the intended purpose.

2. CityWorks will retain specialist consultants in manufacturing system design and costing, legal counsel experienced in negotiating vendor contracts, and a specialist consultant in social program regulations, and a professional, full time project coordinator.

3. CityWorks, working with the Council, will contact Wal-Mart (and/or other mass retail distributors) at the highest level to explore the concept and to identify a list of selected potential products. (In 1988 Wal-Mart created a list of some 70 products that they purchased from overseas which they believed could be manufactured in the U.S. Wal-Mart took the list to 26 state economic development agencies looking for manufacturers to make the products. No information on how it came out. See attached article)

4. After a suitable list of products has been identified, the manufacturing strategies required will be evaluated for practicality, necessary capital equipment, required scale of production and labor force, suitability to an entry level work force, etc. Capital and start up costs required from government and/or charitable sources will be identified.

5. Simultaneously, the early childhood education program will be developed by the Living Classrooms Foundation in conjunction with suitable consultants and existing providers. Foundation support will be explored and suitable grant applications prepared.

6. During the same period, the housing plan will be developed based on existing local, state and federal programs. Suitable sites will be identified both in Baltimore and in Cambridge. Alternative lease purchase and other refinements to the program will be explored in an attempt to get workers out of public housing as soon as is practicable.

7. The final product will be a complete feasibility study and proposed business plan. Costs and potential sources, timetable for implementation, and required waivers for each social program will be identified. Assuming the study supports the viability of the concept, CityWorks and its associates would immediately move into a phase two study of sufficient detail to move towards implementation. It is not impossible to be in production within a year.

Handwritten notes:
25000 @ 5%
3040 @ 5%
1100 @ 5%
\$320

THE WHITE HOUSE

WASHINGTON

March 9, 1993

Dear Representative Gilchrest:

Thank you for your letter regarding the reform of our Nation's welfare system. I appreciate your alerting the President to your concerns.

As you are aware, welfare reform legislation remains high on the President's priority list. As he stated in his address to the Joint Session of Congress, "no one wants to change the welfare system as badly as those who are trapped in it." It is our hope that sometime this year we will be able to present to Congress a plan to reform the welfare system.

The President has been advised of your recommendations, and a copy of your letter has been forwarded to the Domestic Policy Office. Be assured your recommendations will be considered as they work to formulate an effective welfare reform program.

Best wishes.

Sincerely,



Howard G. Paster
Assistant to the President
for Legislative Affairs

The Honorable Wayne T. Gilchrest
House of Representatives
Washington, D.C. 20515

December 3, 1993

CAROL -
IS THIS OK
FOR MARK, DEEDEE,
← THE SPINMEISTERS?

MEMORANDUM FOR CIRCULATION

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

OK'd
fine with
12/3/93
BR
Mam

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

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

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

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

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

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

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

TO: CAROL

FROM: BRUCE

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

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

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

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

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

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

November 28, 1993

MEMORANDUM FOR CIRCULATION

FROM: BRUCE REED

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

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

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

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

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

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

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

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

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

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

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

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

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 1
LISTED IN THE WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE FOLLOWING PAGE HAS HAD MATERIAL REDACTED. CONSULT THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER FOR FURTHER
INFORMATION.

TO: Bruce Reed
Kathi Way

FROM: Carol H. Rasco *CHR*

SUBJ: Welfare Reform

DATE: July 12, 1993

Roz

Please note I need for
you to set up
meeting - one
hour at least
9-10 July 19

As I prepare to be gone for ten days [REDACTED] I am trying to look at those projects/tasks that I need to complete. I believe that I must brief the President before leaving on welfare reform to date, and in order to do so in a complete manner I should sit down with the two of you for an indepth discussion this Friday or next Monday if possible. I will ask Rosalyn to call you to coordinate the meeting, and I will in the next couple of days outline for you some of the questions I feel we must cover in addition to a briefing on the process to date and the calendar of scheduled events.

Thanks!

Roz

These have
been the

Care of - KVV ✓

JBL ✓

Pat HPL ✓

6/30

GSL ✓

THIS FORM MARKS THE FILE LOCATION OF ITEM NUMBER 2
LISTED IN THE WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER.

THE FOLLOWING PAGE HAS HAD MATERIAL REDACTED. CONSULT THE
WITHDRAWAL SHEET AT THE FRONT OF THIS FOLDER FOR FURTHER
INFORMATION.

Red Dot to K. Way:

" " cc to Joan Baggett,
Howard Paster,
George S.

MEMORANDUM FOR CAROL RASCO

FROM: Kathi Way

RE: Welfare Reform Outreach Plan

DATE: June 28, 1993

Kathi - Please call Joan,
Howard & George to
get initial feedback.

BACKGROUND

Throughout the summer the "working group" on welfare reform plans to work gathering information on demonstration projects throughout the country and holding regional hearings or forums. Jeremy Ben-Ami at HHS has taken responsibility for pulling together these public events. Currently there are plans to hold four hearings/forums.

The first is tentatively scheduled for July 26/27 in Southern California.

The second is scheduled for August 10/11 in New Jersey.

The third is scheduled for Chicago/Wisconsin August 24/25.

The fourth is scheduled for Kentucky/Tennessee September 14/15.

Let me know if we need a meeting on this.

CONCERNS

Scheduling the first hearing for Southern California raises some questions that require the thinking of more senior staff. First, some information on why that site at that particular time. The NCSL annual meeting takes place in California in late July. At least four working group members are planning to attend the NCSL meeting. Scheduling a hearing adjacent to the NCSL meeting makes good financial and travel sense. Also, the Riverside project in Southern California is one of the MDRC evaluation sites and has shown success in creating an environment and providing the services that result in families leaving the welfare rolls. Mary Jo Bane, in particular is anxious to visit this site. Visiting Riverside does, however, raise some important questions.

CLR

0 Former President Bush "cut the ribbon" on the Riverside site, is this the place to hold our first site visit?

0 Maxine Waters represents the Riverside community and would need to be involved in planning the site visit. XXXXXXXXXXXXXXXXXXXX

[REDACTED]

O Will this be perceived as "one more visit by the new administration" without anything concrete to deliver? How will this fit with the work being done by Secretary Brown on Community Empowerment?

O What work needs to be done with the CBC before this visit takes place?

RECOMMENDATIONS

O Work with Representative Waters to plan a site visit and hearing on welfare reform July 28/29.

O Schedule a site visit only for the working group and delete the hearing portion.

O Schedule a site visit for the working group, perhaps have dinner with Representative Waters and hold a hearing and site visit in San Diego.

I am not certain who needs to be included in a discussion of these issues and would appreciate your thoughts and advice. Like everything else this decision needs to be made ASAP. Thanks for your help.