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6-23-97

Welfare Reform and Congressional Action on the Bipartisan Budget Agreement

Question: **Why do you oppose the Congressional efforts to restore benefits to legal immigrants?**

Answer: Both the House and the Senate proposals alter the provisions in the bipartisan budget agreement. In general, the Congress restores permanent SSI and Medicaid benefits only to immigrants *already receiving* benefits prior to August 23, 1996; by contrast, the bipartisan budget agreement policy restores SSI and Medicaid benefits to *any* immigrant *in the country* as of that date who is or becomes disabled.

Limiting health and disability benefits to those already receiving them on August 22nd would protect 75,000 fewer immigrants than the budget agreement by the year 2002. And in leaving unprotected any person who becomes disabled after August 22, 1996, it fails to target assistance to the most vulnerable individuals.

Question: **Is Congress following the budget agreement in its actions to implement legislation to date?**

Answer: No. The Congressional proposals to restore disability and health benefits to legal immigrants are inconsistent with the budget agreement and treat disabled legal immigrants unfairly. In addition, the House has added language outside the scope of the agreement which would prevent working welfare recipients from getting a minimum wage.

On the other hand, I am very pleased that the Congressional committees are developing $3 billion welfare-to-work proposals that meet many of my priorities. These include: targeting funds to areas and individuals with high needs, directing funds to cities and local governments, awarding some funds competitively, and allowing communities to create successful job placement and creation programs.

Question: **Why do you oppose House action on paying the minimum wage to workfare recipients?**

Answer: I strongly oppose the House provisions on the minimum wage, which undermine the fundamental goals of welfare reform. I believe that everyone who can work must work -- and that those who work should earn the minimum wage, whether they are coming off of welfare or not. The House proposal does not meet this test. It effectively creates a subminimum wage for workfare participants. And it weakens the welfare law's work requirements.

6/18/97
6/18/97

Talking Points on FLSA
5/16/97

- The Labor Department has concluded that the Fair Labor Standards Act (FLSA) applies to welfare recipients in workfare or other subsidized employment programs in the same way as that law applies to all other employees.

- This means that many, if not most, welfare recipients in these programs will receive at least the minimum wage for their work activities.

- Welfare recipients in these programs will not have to be paid the minimum wage if they fall within the FLSA's exception for "trainees." Some states will probably try to structure their workfare programs so that recipients fall within the "trainee" exception.

- In most cases in which the minimum wage is required, both cash assistance and food stamps will count toward the minimum wage. The Department of Agriculture will take necessary administrative action to ensure that food stamps can be counted to the greatest degree possible.

- This will not affect the work requirements of the welfare law. States will still be able to meet those requirements, not only by putting recipients in workfare, but by placing people in private sector jobs (where the minimum wage already applies). With both cash assistance and food stamps counting toward the minimum wage, very few states will have to increase their assistance payments. In fact every state but one (Mississippi) can comply with the welfare law's current work requirements (now 20 hours per week for a welfare recipient) and pay minimum wage without increasing their current benefit level.

- The Labor Department will provide guidance within the next week or two on the specifics of this policy and will engage in extensive consultation with states on how to apply this policy with the least disruption.

- The Treasury Department is still exploring how the tax laws apply to welfare recipients in workfare programs. We hope to be able to give states an answer to that question very shortly.

Q&A

Question: Won't this end welfare reform as we know it by making work more expensive?

Answer: Not at all. With both TANF and food stamps counting toward the minimum wage, every state except Mississippi will be able to give welfare recipients workfare slots for 20 hours each week (the welfare law's current work requirement) without raising their benefit levels. And of course states should be trying to place welfare recipients in private sector jobs where the minimum wage already applies.

Question: Are most welfare recipients who are working going to be considered "employees"?

Answer: Most welfare recipients participating in the work activities described in the new welfare law probably will count as "employees," entitled to the minimum wage, under the FLSA. But some individuals, engaged in such activities as job search, vocational education, and secondary school, may count as "trainees" instead. The Labor Department will advise states on how the FLSA applies to particular programs and individuals engaged in them.

Question: What's the difference between a trainee and a worker under FLSA?

Answer: An individual is in training if:

- Training is similar to that given in a vocational school;
- Training is for the benefit of the trainee;
- Trainees do not displace regular workers;
- The employer derives no immediate advantage from the trainees' activites;
- Trainees are not entitled to a job after training is completed; or
- The employer and trainee understand that the trainee is not paid.

Question: Can Food Stamps count as wages?

Answer: We believe that through waivers or other mechanisms such as the Simplified Food Program option now in law, states will be able to count food stamps toward the minimum wage for all those required to work under the new welfare law.

Question: Does this mean welfare recipients in workfare and other subsidized employment programs can unionize?

Answer: No -- that is a different question entirely. Whether and when workers can unionize is a function of the National Labor Relations Act. The National Labor Relations Board, an independent entity that administers that Act, has not ruled on the unionization question.

WASHINGTON, D.C. 20503

THE DIRECTOR

June 5, 1997

The Honorable Sander Levin
Ranking Member
Subcommittee on Human Resources
Committee on Ways and Means
United States House of Representatives
Washington, DC 20515

Dear Representative Levin:

As you know, the Administration and the bipartisan congressional leadership recently reached agreement on a historic plan to balance the budget by 2002 while investing in the future. The plan is good for America, its people, and its future, and we are committed to working with Congress to see it enacted.

With regard to welfare, the budget agreement called for restoring Supplemental Security Income (SSI) and Medicaid benefits for immigrants who are disabled or become disabled and who entered the country before August 23, 1996; extending from five to seven years the exemption in last year's welfare law for refugees and asylees for the purposes of SSI and Medicaid; and making other important changes.

We have reviewed the Subcommittee's draft markup document, however, and we have found a number of provisions that are inconsistent with the budget agreement in these and other areas. Consequently, if the Subcommittee were to proceed with its legislation in this form, we would be compelled to invoke the provisions of the agreement that call on the Administration and the bipartisan leadership to undertake remedial efforts to ensure that reconciliation legislation is consistent with the agreement.

We appreciate the fact that the Subcommittee has a mark that includes several provisions that the Administration supports, such as in the areas of welfare to work and State SSI administrative fees.

Welfare to Work -- We are pleased the budget agreement includes the President's $3 billion welfare-to-work proposal and that the Subcommittee included provisions that meet many of the Administration's priorities. Specifically, we are pleased that the mark provides funds for jobs where they are needed most to help long-term recipients in high unemployment-high poverty areas; directs funds to local communities with large numbers of poor people; awards some funds on a competitive basis, assuring the best use for scarce resources; and gives communities appropriate flexibility to use the funds to create successful job placement and job creation programs.

Though your mark does not address a performance fund, we appreciate your willingness to consider a mechanism to provide needed incentives and rewards for placing the hardest-to-serve in lasting, unsubsidized jobs that promote self-sufficiency. In addition, we stand ready to continue to provide assistance in refining targeting factors.

State SSI Administrative Fees -- The Administration is pleased that the Subcommittee has included a provision, consistent with the budget agreement, to increase the administrative fees that the Federal Government charges States for administering their State supplemental SSI payments and to make the increase available, subject to appropriations, for Social Security Administration (SSA) administrative expenses.

In a number of areas, however, we have serious concerns with provisions that do not reflect the budget agreement. The Administration has separately transmitted draft legislation that reflects the budget agreement's provisions on benefits to immigrants.

Continued SSI and Medicaid Benefits for Legal Immigrants -- The Administration strongly opposes the provision that denies coverage to many legal immigrants who were in the United States when the welfare law was signed but who become severely disabled after that date. The budget agreement explicitly states, "Restore SSI and Medicaid eligibility for all disabled legal immigrants who are or become disabled and who enter the U.S. prior to August 23, 1996." The mark fails to reflect that agreement by only "grandfathering" those now receiving SSI, therefore dropping those who would become disabled in the future and would be eligible for benefits under the agreement. Instead of enacting the budget agreement, the Subcommittee would grandfather immigrants who were on the SSI rolls on August 22, 1996, thus protecting 75,000 fewer immigrants than the budget agreement by the year 2002. By contrast, the agreement targets the most vulnerable individuals by providing a safety net for all immigrants in the country when the welfare law was signed who have suffered -- or may suffer in the future -- a disabling accident or illness.

In contrast with the budget agreement, which was designed to restore benefits, the markup document would provide SSI and Medicaid benefits to immigrants now on the rolls only if the immigrant has no sponsor, the sponsor has died, or the sponsor has income under 150 percent of the poverty level. The Administration strongly opposes this provision, which would cut off about 100,000 severely disabled legal immigrants who would receive benefits under the budget agreement. We understand that the Subcommittee may drop this provision, and we hope that is true.

As noted above, the agreement provided for both SSI and Medicaid eligibility for disabled legal immigrants. The mark, however, also fails to guarantee Medicaid coverage for all disabled legal immigrants who continue to receive SSI. For States in which SSI eligibility does not guarantee Medicaid coverage and for States that choose not to provide Medicaid coverage to legal immigrants who were in the U.S. prior to August 23, 1996, legal immigrants who receive SSI would not be guaranteed to continue receiving Medicaid. To conform to the policy in the budget agreement, the Subcommittee should include a provision in its bill to explicitly guarantee Medicaid coverage to disabled legal immigrants who continue to receive SSI.

Refugee and Asylee Eligibility -- The budget agreement would extend the exemption period from five to seven years for refugees, asylees, and those who are not deported because they would likely face persecution back home. However, the Subcommittee's proposal would provide that extension for refugees and not for asylees and others. Such asylees and others should receive the additional two years to naturalize.

In addition to the provisions in the Subcommittee markup related to immigration, the Administration has the following concerns:

Unemployment Insurance Integrity -- The Subcommittee draft does not include the provision of the budget agreement that achieves $763 million in mandatory savings over five years through an increase in discretionary spending of $89 million in 1998 and $467 million over five years. These savings are a key component of the budget agreement. The discretionary spending that the agreement assumes, and which would be subject to appropriation, would support the necessary additional eligibility reviews, tax audits, and other integrity activities that, the evidence demonstrates, will yield the savings. We urge the Subcommittee to adopt this provision to achieve the specified savings.

The Federal Unemployment Account -- The Administration supports the proposed increase in the Federal Unemployment Account ceiling, which reflects the budget agreement. The mark, however, does not accomplish another aspect of the agreement, because it only "authorizes" $100 million to the States in 2000-2002 for Unemployment Insurance administrative funding, rather than making the payments mandatory as the agreement provides. We look forward to working with the Subcommittee to address this issue.

The Subcommittee mark also includes a number of provisions that were not specifically addressed in the budget agreement, and about which the Administration has serious concerns. They include the following:

Minimum Wage and Workfare -- The Administration strongly opposes the Subcommittee's proposal on the minimum wage and welfare work requirements.

First, the proposal goes beyond the scope of the budget agreement and, thus, should not be included in the reconciliation bill.

Second, the proposal would undermine the fundamental goals of welfare reform. The Administration believes strongly that everyone who can work must work, and those who work should earn the minimum wage -- whether they are coming off of welfare or not. The proposal does not meet this test.

Worker Protections in Welfare to Work -- We are deeply disappointed in the Subcommittee draft's lack of adequate worker protection and non-displacement provisions. We strongly urge the Subcommittee to adopt, at a minimum, the provisions included in H.R. 1385, the House-passed job training reform bill.

Repeal of Maintenance of Effort Requirements on State Supplementation of SSI Benefits -- Historically, the Administration has strongly opposed the repeal of maintenance-of-effort requirement because it would let States significantly cut, or even eliminate, benefits to nearly 2.4 million poor elderly, disabled, and blind persons. Congress instituted the maintenance-of-effort requirement in the early 1970s to prevent States from transferring Federal benefit increases from SSI recipients to State treasuries. The proposal also could cause some low-income elderly and disabled individuals to lose SSI entirely and to lose Medicaid coverage as well. The Administration opposed this proposal in last year's welfare reform debate.

Other TANF Provisions -- The Administration is concerned with several provisions in the mark that were not in the budget agreement. For example, the agreement did not address making changes in the TANF work requirements regarding vocational education and educational services for teen parents. The Administration opposes the provision allowing States to divert TANF funds away from welfare-to-work efforts to other social service activities.

The budget agreement reflects compromise on many important and controversial issues, and challenges the leaders on both sides of the aisle to achieve consensus under difficult circumstances. We must do so on a bipartisan basis.

I look forward to working with you to implement the historic budget agreement.

Sincerely,

Franklin D. Raines
Director

Identical letter to the Honorable E. Clay Shaw, Jr.

6/18/97

June 5, 1997 - Budget Q &A

Q: WHAT IS YOUR RESPONSE THE REPUBLICAN ATTEMPTS TO DEVIATE FROM THE OUTLINE OF THE BUDGET AGREEMENT?

A: We expect the Republicans in Congress to honor the agreement we reached just last month.

- **They should keep their word just as the President has honored his word -- even when it has been difficult.** The Kennedy-Hatch proposal is a perfect example. The President is very sympathetic to what that proposal. Nontetheless, the President recognized that it was outside the agreement and honored his word. Now, Republicans in the House are explicitly violating provisions in the actual text of the agreement.

- **To the extent Republicans put forth provisions that betray the agreement, we will call them on it and expect them to move quickly to correct these deviations.** From the start, there have been good faith efforts on both sides. The President and the congressional leadership entered into an honorable agreement that was passed with strong bipartisan majorities in both Houses. We and the American people fully expect that they will honor that agreement.

FOLLOW-UP

Q: WILL THE PRESIDENT VETO THE RECONCILIATION IF, FOR EXAMPLE, THE IMMIGRANT PROVISIONS ARE NOT CHANGED?

A: **It is premature to throw the word "veto" around.** We are at the early stage of the reconciliation process.

- **We expect that the Republicans in Congress to honor the agreement.** That is fairly straight forward.

Q: IT IS BECOMING CLEARER EVERY DAY THAT THERE IS NO SUPPORT IN EITHER PARTY FOR THE PRESIDENT'S EDUCATION TAX CUT PROPOSALS. WILL THE ADMINISTRATION ACCEPT ALTERNATIVE EDUCATION PROPOSALS?

A: I do not think that's right. First of all, and most importantly, there is strong support for the President's education tax cuts among parents and students. We halso have support in Congress, and most importantly, the agreement we reached specifically sets aside $35 billion for the President's education tax cuts.

It is hardly surprising that members of Congress will focus on pushing this or that pet project, but the agreement calls for the President's education tax proposals, not theirs.

- **It is instructive to go back and read what is part of the agreeement, what the Speaker and Senate Majority Leader put in writing to the President:** *"it was agreed that the package must include tax relief of roughly $35 billion over five years for post-secondary education, including a deduction and a tax credit. We believe this package shoild be consistent with the objectives put forward in the HOPE scholarship and tuition tax proposals contained in tghe Administration's FY 1998 budget to assist middle class parents?*

- **We have responded to constructive criticisms of our proposals.** We have adjusted the scholarship to ensure that more lower income students will be benefit from it. And we have dropped the B average requirement. These changes are have improved the proposals in the eyes of many and enhanced the support of these important tax cuts that make it easier for parents to send their kids to college.

Q: WHAT IS YOUR RESPONSE TO THE ATTEMPT BY THE HOUSE REPUBLICANS TO CHANGE THE IMMIGRANT PROVISIONS?

A: The provisions on affecting immigrants being advanced by Republicans on the House Ways and Means Committee, as the Vice President said, "violate the terms of the balanced budget agreement."

- **These provisions were negotiated in painstaking detail and were put in writing.** In black and white, the agreement <u>on Page 22</u> clearly states, "Restore SSI and Medicaid for all disabled legal immigrants who are or become disabled." It's right there, "are <u>or become.</u>" The House leadership might want to show this agreement to some of their chairmen.

- **We expect the Republicans in Congress to honor the agreement. We expect them to fix these provisions.**

5-30-97

Q&A on 5/30 New York Times story on Drug Offenders and Welfare Benefits

Q The New York Times reported today that Connecticut Governor Rowland has decided to allow people convicted of drug felonies to remain eligible for welfare, despite Federal rules allowing states to deny benefits. Do you agree that drug offenders should be receiving benefits? Are these states weakening the welfare law?

A The welfare law was intended to give states a great deal of flexibility in designing their own welfare programs. Connecticut is exercising this flexibility to address local problems and needs as they move people from welfare to work.

Our overall goal for welfare reform has always been to move people from welfare to work. Therefore we support addressing any recipients' substance abuse problems in the context of helping them move into the workforce.

5·19·97

Press Guidance
May 19, 1997

WELFARE TO WORK PARTNERSHIP EVENT

- Tomorrow at 2:00pm, President Clinton will host a Welfare to Work Partnership event in the East Room.
- The Welfare to Work Partnership is an independent, nonpartisan, national effort of the American business community to help move those on public assistance into jobs in the private sector.
- This Partnership highlights an official commitment from American Businesses in response to the President's call for private sector participation in the welfare to work efforts.

SEQUENCE:

VPOTUS
Eli Segal, President, Welfare to Work Partnership
Gerald Greenwald, Chairman, Welfare to Work Partnership (United Airlines)
Governor Carper (D-DE)
Governor Thompson (R-WI)
George Stinson, Small Business Owner from Wisconsin
POTUS

Q: What is the status of the White House hiring of a welfare recipient?

A: In fact, just last week we hired Sheena Blunt, who is doing administrative support work for the White House Office of Public Liaison.

If asked: Sheena, a 35 year old mother of two (ages 1 and 2), lives with her parents and has been on the welfare rolls for a little over a year.

If asked: We expect to hire a total of 8 welfare recipients in the Executive Office of the President (3 at OMB, 2 at OA, and I each in OPL and Correspondence). We are making a lot of progress and expect very shortly to have all 8 -- Maybe in a matter of weeks.

Silverman
per Eli Segal and Jodie Torkelson

5·21·97

GUIDANCE ON WELFARE HIRING BY FEDERAL CONTRACTORS
MAY 21, 1997

(The Post story on yesterday's welfare-to-work event mentions the President's statement that, in addition to the commitment by agencies to hire 10,000 welfare recipients over two years, we thought we could get Federal contractors to hire about 10,000 more.)

* Contractors will not be required to hire welfare recipients. They will not have targets, goals, etc. It will not be a condition in any way of their selection as contractors. Rather, they will be encouraged to do so, based on their own capabilities and circumstances.

* The number 10,000 is a very rough approximation based on what the agencies have told us. We'll have more detailed information soon on what the agencies are doing in terms of hiring welfare recipients, and each agency at that time will talk about their contractors, although I do not expect specific numerical targets for contractors at the agencies.

TOIV
Conversation yesterday with Kamarck

THE DEPUTY SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

MAY 13 1997

Michael D. McKinney, M.D.
Commissioner
Texas Health and Human Services Commission
P.O. Box 13247
Austin, Texas 78711

Dear Commissioner McKinney:

I am writing to follow up on our most recent meeting and to respond to your letter dated March 5, 1997 to me concerning the Texas Integrated Enrollment Services (TIES) project. You asked that I provide, on behalf of the Administration, guidance under which Texas could release the TIES request for offers (RFO), if it so chooses.

In this letter, I describe the current status of our discussions, the flexibility available to the State under current law, the limitations regarding functions which must be performed by State merit system employees, and next steps in the process of moving forward with the TIES project. Because Texas is considering an integrated eligibility system, I address both Medicaid and Food Stamp policy in this letter, the content and language of which have been approved by the Department of Agriculture. Official notification by the Food and Consumer Service (FCS) of the Department of Agriculture will be provided to you by the FCS regional office.

Current Status of Our Discussions

Our staffs have been working together to resolve many issues related to the development of the TIES project, a highly complex undertaking by the State that involves the integration of three large Federal programs (Temporary Assistance for Needy Families, Medicaid and Food Stamps), as well as a number of other Federal and State programs. The State has submitted for review a draft RFO which seeks innovative approaches to the delivery of public services. The draft RFO calls for proposals which would replace the State's computer system and which would re-engineer the methods by which eligibility is determined. Among the important technical and policy issues potentially raised by the draft RFO is the fundamental question of the extent to which functions historically performed by State merit system employees could be performed by private contractors.

The State has not submitted an actual proposal to privatize State functions, nor requested a waiver of any Federal statutes or regulations. Rather, we have engaged in discussions so that the State would be in a position to communicate to the vendor community any restrictions regarding those activities which could be performed by non-merit system, non-State employees (hereinafter "non-public employees"). Recognizing that you did not express interest in discussing a time-limited, sub-State demonstration during last week's meeting, this letter addresses the limitations set forth in Food Stamp and Medicaid law and regulations.

Flexibility Available in Current Statutes and Regulations

Current Food Stamp and Medicaid statutes, regulations and precedent provide the State with the opportunity to automate and re-engineer business processes, as well as to use contract staff to perform a number of functions. Such functions include design, development and operation of the large and complex information system which the State expects to implement in TIES. The State could also employ contract staff to develop and recommend an integrated and re-engineered eligibility process for the programs included in TIES. Contract staff could provide training and assist management in the transition to TIES. In addition, as you know, Texas has very broad authority to administer the Temporary Assistance for Needy Families (TANF) program and, with respect to the administration of TANF, can use non-public employees without limitation.

Therefore, significant opportunities exist for the State to take advantage of the efficiencies and expertise available through the vendor community in developing and administering TIES. There are, however, limitations imposed by law on contractor involvement related to client certification and eligibility determination, as described below.

Extent of Work by Non-Public Employees

Section 1902 of the Social Security Act and section 11(e)(6) of the Food Stamp Act and implementing regulations reflect the principle that most activities included in the eligibility determination process (referred to as the certification process in the Food Stamp Act) must be performed by public agencies. A non-public employee may not take actions involving discretion or value judgments, including all elements of the eligibility determination process that relate to the evaluation of information provided by an applicant or bearing on the eligibility decision.

Redesigning the eligibility determination process could have the effect of merging discretionary and non-discretionary activities. Whereas previously a series of separable administrative steps occurred as part of the eligibility determination process, current technology may enable the State to combine multiple steps into a single, seamless process. The initial contact, application, data entry, interview process, request for and evaluation of appropriate documentation, as well as the resulting eligibility decision and benefit calculation, may no longer necessarily be separable and sequential steps. To attempt to separate certain portions of the eligibility determination process for the purpose of isolating individual activities involving discretion would seem to defeat the State's purpose in integrating and streamlining program enrollment.

It is more appropriate to restate the intent of these provisions -- i.e., in an integrated and streamlined process, most if not all activities involving personal contact with an applicant or recipient, including data entry during an interactive discussion with the applicant, have the potential to involve the use of discretion or judgment, and to directly influence or affect the eligibility determination process. Therefore, these activities, and any other activities in which specific eligibility criteria are discussed with an applicant or eligibility-related information is collected and evaluated, must be performed by a State merit system employee.

As we discussed in our meeting, there are narrow instances in which Medicaid and Food Stamp law and regulations permit involvement of non-public employees for the purpose of expanding and enhancing State outreach efforts. In the outstationing provisions of the Medicaid program, non-public employees are permitted to perform a number of initial processing activities, but are not permitted to evaluate the information presented by the applicant, or make the actual eligibility determination. Under the Food Stamp Program, volunteers may simply assist potential clients in filing applications with the State. In both cases, these non-public employees are precluded from engaging in activities that could have the effect of screening out potential applicants. Activities involving the use of discretion that could result in potential applicants being screened out must be performed by State merit system employees. A significant non-State presence in the integrated enrollment process could result in some screening out of potential applicants by non-public employees.

Possible Next Steps

The State may release the draft RFO, under the condition that the State include the applicable language from this letter in the draft RFO. HHS will approve Federal matching funds for project planning activities for the costs incurred through the planning phase.

In order for HHS to consider approving and funding a contract which may result from release of the RFO, the State must submit an implementation advanced planning document (IAPD) for HHS' prior approval following the solicitation process, in accordance with the rules at 45 CFR Part 95, Subpart F. The IAPD must meet the requirements specified in the cited rules and provide a rigorous and positive cost benefit analysis for the project. The State may want to advise potential offerors to make use of HHS' cost benefit analysis guidance for State systems. We will consider HHS funding for the actual project itself at such time as the State submits an IAPD for approval by the Federal agencies.

HHS and USDA staff are available to continue their ongoing discussions with your office. Mark Ragan, Director of the Office of State Systems, Administration for Children and Families or his staff will be in contact with your office shortly. Ruthie Jackson, FCS Regional Administrator will also be in contact with your office to advise you of FCS funding.

I want to express my appreciation for your understanding of the complex issues raised during our consideration of the TIES project. I also appreciate the time and effort you and your staff have contributed towards moving these issues to resolution. If you have any questions concerning the content of this letter, please do not hesitate to call me or Mr. Ragan at (202) 401-6960.

Sincerely,

Kevin Thurm

CLOSE HOLD - For Internal Use Only
Additional Q&AS on TIES

Q Texas says that all they want to do is let private employees collect data and let public employees determine eligibility. What is wrong with that?

A There would be nothing wrong if that was what Texas would be doing under the TIES project. We want to help Texas go forward to make its programs efficient, but still be consistent with current law and protect the beneficiaries. We offered the State several options to move forward and believe any of them could be the basis of a mutually acceptable agreement. These options were designed to let the state proceed as quickly as possible with their RFO, because they would be consistent with all of the relevant statutes and regulations governing cash assistance, Medicaid, and Food Stamps.

However, our current understanding is that Texas may want to accept an offer that goes beyond this, that would combine data entry with eligibility assistance. In fact, most if not all activities involving personal contact with an applicant or recipient, including data entry during an interactive discussion with the applicant, have the potential to involve the use of discretion or judgment, and to directly influence or affect the eligibility determination process. According to Food Stamp and Medicaid laws and regulations, these activities, and any other activities in which specific eligibility criteria are discussed with an applicant or eligibility-related information is collected and evaluated, must be performed by a State merit system employee.

Q You say that you offered Texas a sub-State waiver. But Texas said that even if their waiver demonstration project was successful, you would never allow the State to implement the project statewide. Isn't this unreasonable?

A One of the options we offered the State was to submit a waiver for a time-limited, sub-State demonstration. This is a reasonable approach for allowing states to test new, untried programs. And it is a practice that we have followed to enable states to test other innovative programs to help move people from welfare to work. For example, initially we allowed states to test time limiting cash assistance and imposing a family cap, only on a sub-state, time-limited basis.

However, if Texas' sub-State project was successful, we would be more than willing to look at a range of options to extend the project statewide, including any state flexibility or legislative proposals which might let them proceed.

Q Today the Dallas Morning News is reporting that Texas State officials have revised their proposal and are now focused on replacing the State's computer system. How do you respond?

A We cannot comment because we have not seen the States's latest proposal yet. However, we want Texas to move forward and make their programs efficient, while remaining consistent with current law and protecting beneficiaries. We have provided options designed to let the State proceed as quickly as possible with their RFO, because they would be consistent with all of the relevant statutes and regulations governing cash assistance, Medicaid and Food Stamps. So we believe that the State's goals are achievable within the authority and flexibility permitted by law and look forward to hearing back from the State on how it intends to proceed with its project.

CLOSE HOLD - For Internal Only

Q&A's on Texas TIES letter

Q Texas State officials say that the letter sent today for all purposes blocks the State from proceeding with its project. How do you respond?

A In last week's meeting, we told Commissioner McKinney that Texas could proceed with its Request for Offers (RFO), under the conditions we discussed. We agreed to provide the State with a letter recounting our meeting. The letter clarifies the flexibility available to the State under current law, the limitations regarding functions which must be performed by State merit system employees, and next steps in the process of moving forward with the TIES project. The letter was sent to Commissioner McKinney this afternoon.

Q Does the letter say anything different than was discussed in the meeting?

A No. The letter restates the issues and guidance we discussed in last week's meeting. We want to help Texas go forward to make its programs efficient, but still be consistent with current law and protect the beneficiaries of the three federal programs – cash assistance (TANF), Medicaid and Food Stamps.

Q In Governor Bush's letter to Secretary Shalala, he says that Texas will proceed with a different way to achieve its goals. What will you do if Texas implements its project without your approval?

A We share Governor Bush's goals to move forward as quickly as possible and make Texas' programs efficient, but we must be consistent with current law and protect beneficiaries. Since Texas first contacted us, we have working closely with the State to resolve many issues related to the development of the TIES project, a highly complex undertaking by the State that involves the integration of three large Federal programs. We have provided options designed to let the State proceed as quickly as possible with their RFO, because they would be consistent with all of the relevant statutes and regulations governing cash assistance, Medicaid and Food Stamps. So we believe that the Governor's goals are achievable within the authority and flexibility permitted by law and look forward to hearing back from the State on how it intends to proceed with its project.

May 13, 1997

NOTE TO BARRY TOIV:

Here is the final letter that was sent to Commissioner McKinney at approximately 4:00 p.m. The letter only restates the issues and guidance we discussed in the May 2 mccting with Commissioner McKinney.

I've attached a few more Q&As on the letter and related issues.

Please let me know if you have any questions.

Thank you.

Melissa Skolfield

5·9·97

Questions and Answers on CEA Report

Q If the waiver demonstration projects have been so successful, why did we need the welfare reform law that the President signed in August?

A State welfare demonstration projects have been successful in moving people from welfare to self-sufficiency. As the CEA's analysis shows, recent welfare reform waivers granted to states to test innovative programs to move people from welfare to work have contributed significantly to the declining welfare rolls. However, the welfare law gives states the additional flexibility they need to continue and build on these innovative programs, while still promoting our central principles for welfare reform: requiring work; time-limiting cash assistance; strengthening child support enforcement; making work pay; and encouraging parental responsibility.

The welfare law also will help many families move from welfare to economic self-sufficiency because it significantly increased child care funding and strengthened child support enforcement. The welfare law increased child care funding by nearly $4 billion over 6 years, allowing more mothers to leave welfare for work. In addition, the new law included the child support enforcement measures President Clinton proposed in 1994 -- the most sweeping crackdown on non-paying parents in history.

Q How many state plans have been submitted and certified complete?

A Forty-six states have submitted welfare plans to be reviewed by HHS, as required by the welfare law. Forty-one states have been certified complete – meaning their plans comply with the federal requirements, including the work requirements and the time limit.

Of the 41 states which have had their plans certified complete, nearly 35 states have chosen to continue or build on their waiver approved demonstration projects. For example, Oregon and Arizona, both have chosen to continue the provisions of their innovative welfare demonstration projects as part of their new state plans.

Q & A'S FOR WELFARE CASELOAD PAPER

1) Can other factors explain the relationship between waivers and welfare receipt?

It's possible, but unlikely. One set of reasons why welfare receipt may have fallen is that other policy changes were occurring at the same time. For instance, the EITC was broadened in 1990 and 1993. Those changes increased the returns to work and could have provided an incentive for some to get a job and leave the welfare rolls. Our results are based on different patterns across states, not national changes, so any policy change that affects all states cannot explain our results. To the extent that states introduced other policies that may have altered people's decision to collect welfare benefits (like additional spending on child care or training programs) at about the same time as they received waivers, it is possible that we are inadvertently attributing the reduction to waivers. We know of no such changes.

2) How have the changes in demographic characteristics contributed to the caseload decline?

Changes in household composition clearly have taken place over the past few decades as out-of-wedlock births, divorce, and female-headed households have become more prevalent. Because the main cash transfer program largely targets single mothers with children, we should expect to see an increase in the welfare caseload, not a decline.

3) Has the increase in income inequality contributed to changes in the welfare caseload?

Our nation's poorest households have done worse over time. Because welfare is means-tested, this should increase the size of the welfare caseload, not decrease it.

4) Did those who left the welfare rolls get jobs?

Actually, we really do not know the answer to this question. This research has focused specifically on the effects of waivers on the number of people collecting welfare benefits and not on their outcomes if they left the rolls. In fact, determining the effect of waivers on employment outcomes for former welfare recipients is a very important question and one that deserves further attention.

5) Could your results be explained by welfare recipients moving out of a state that received a waiver into a different state that was more hospitable to welfare recipients?

It is possible, but I believe it is unlikely. This question has often been asked regarding differences in welfare generosity that exist across states. Some states offer much larger benefits than other states and that might induce people to migrate in search of larger checks. The academic literature on this topic provides little evidence that this sort of behavior occurs. If it does not happen in response to differences in benefit levels, it seems unlikely that it would happen in response to a waiver.

6) In a state like Wisconsin, that has been very aggressive in implementing reforms, we know that the response in places like Milwaukee has been less encouraging than in rural areas. Does your analysis take into account changes in welfare receipt that might be occurring within a state?

No. It certainly is possible that some welfare recipients in inner cities may respond differently to a waiver than others. Our analysis is conducted only at the state level, however, so what we have identified is the average of the effect of waivers in inner cities than in outlying areas.

7) Your analysis considers six different types of waivers, but only sanctions seem to matter. Does this mean that the other policies should not be introduced?

Sanctions were the only specific policy that we were able to identify that reduced welfare caseloads. This does not mean that the other policies had no effect. First, many states received waivers that included several of the different provisions and picking out the effect of any one of them is difficult. Second, we found that a state that introduced a major, statewide waiver, regardless of whether or not it included sanctions, experienced a reduction in the caseload in advance of the actual waiver approval. This indicates that the act of requesting a waiver may have changed the culture of welfare receipt in a state in a way that led people to alter their behavior and find an alternative to welfare.

8) An article in the Wall Street Journal indicated that Oklahoma has found that their caseload has dropped significantly in response to more harsh treatment by welfare caseworkers. How do those sorts of policies relate to what you are finding here?

It is possible that a waiver request is associated with the way that welfare recipients are treated in a state. If so, the approach we have used would not be able to differentiate which change, the waiver or the treatment of recipients, led to the decline.

9) One of your figures shows that the rate of welfare receipt increased a lot between 1989 and 1993. What was going on then?

That is something of a mystery actually. The economy did go into a recession in 1990 that was followed by a slow recovery through 1993. The recession was relatively mild, however, and cannot explain the magnitude of the increase. We find that only about 1/3 of the increase can be attributed to deteriorating economic conditions. Other people (Becky Blank) have also been looking into the increase and have been unsuccessful in explaining much of it. Actually, one possible explanation for what has been going on over the past few years is just the "return to normal" after a mysterious rise. That is probably not the case, however, because states that experienced the largest increases between 1989-93 were no more likely to see a large decline between 1993-96.

10) Do you expect the welfare caseload to continue to fall?

Our results indicate that experimental welfare policies do significantly reduce the welfare caseload. Under welfare reform, states will continue to introduce these innovative policies and, as long as the economy continues to expand, these policies may be expected to reduce the caseload further.

5.9.97

EXPLAINING THE DECLINE IN WELFARE RECEIPT, 1993-1996

May 9, 1997

* The Council of Economic Advisers is releasing today a study that examines **the causes of the substantial decline in the welfare rolls** that has taken place over the past four years.

* Between January of 1993 and January of 1997, **the number of individuals receiving welfare benefits fell by 20 percent**, or 2.75 million recipients — the largest decline in 50 years.

<u>What are the possible reasons for the dramatic decline in welfare caseloads?</u>

* This study discusses 3 potential explanations for the decline:

  <u>First</u>, the strength of the economy. The labor market has been strong, creating almost 12 million new jobs between January 1993 to January 1997, making it easier for potential welfare recipients to find jobs and leave the welfare rolls.

  <u>Second</u>, the role of federal welfare waivers. The Clinton Administration granted waivers to 43 states between 1993 and 1996 that included provisions which may require work and/or training, sanctions for those who do not comply with these requirements, and limits on the duration of benefit receipt, among other things.

  <u>Third</u>, other policies. Certain policies, like the 1990 and 1993 expansions of the Earned Income Tax Credit (EITC) and the recent rise in federal and state spending on child care made it easier to enter the labor market and increased the rewards to work for individuals that might have otherwise chosen welfare.

<u>Why is this important?</u>

* Determining the causes of the decline in welfare caseloads is particularly important in light of recently enacted welfare reform legislation.

  - If economic growth was the major contributor to the decline, then a strong economy is essential for further progress in moving people from welfare to work.

  - On the other hand, if federal policies played a significant role, then continued efforts along these lines are likely to lead to moving more people off of the welfare rolls.

Conclusions

* The CEA research finds that:

  - roughly **44%** of the decline can be attributed to economic growth;

  - roughly **31%** of the decline can be attributed to **waivers**;

  - the rest is due to other factors, which might include additional policy initiatives, like expansion of the earned income tax credit.

* These findings suggest that **we may expect to see a continued decline in the welfare rolls in the coming years.**

  - The current health and strength of the economy will make it easier for welfare recipients to find jobs and move off welfare.

  - But, significantly, the CEA findings suggest that it is not the strength of the economy alone that has been responsible for declining welfare caseloads: based on past experience, state experiments designed to move recipients off the welfare rolls are likely to continue to have some success.

Q & A'S FOR CEA WELFARE CASELOAD PAPER

May 9, 1997

Q: Did those who got off the welfare rolls get jobs?

A: We don't know the answer to that question. This paper focused specifically on the effects of waivers on the number of people collecting welfare benefits. It did not look at what happend after they left the welfare rolls. In fact, determining the effect of waivers on employment outcomes for former welfare recipients is a very important question and one that deserves further attention.

Q: Do you expect the welfare caseload to continue to fall?

A: The paper concludes that experimental welfare policies do significantly reduce the welfare caseload. Under welfare reform, states will continue to introduce these innovative policies and, as long as the economy continues to expand, these policies may be expected to reduce the caseload further.

Q: Can other factors explain the relationship between waivers and welfare receipt?

A: It's possible, but unlikely. One set of reasons why welfare receipt may have fallen is that other policy changes were occurring at the same time. For instance, the EITC was broadened in 1990 and 1993. Those changes increased the returns to work and could have provided an incentive for some to get a job and leave the welfare rolls.

Our results are based on different patterns across states, not national changes, so any policy change that affects all states cannot explain our results. To the extent that states introduced other policies that may have altered people's decision to collect welfare benefits (like additional spending on child care or training programs) at about the same time as they received waivers, it is possible that we are inadvertently attributing the reduction to waivers. We know of no such changes.

5.9.97

Press Guidance
May 9, 1997

TEXAS WELFARE PLAN

Q: Did you get the letter from Senators Gramm and Hutchinson and Representatives Armey, Delay, Archer, Stenholm, Hall, and Johnson asking for a meeting next week with the President's Chief of Staff? Do you plan to agree to the request?

A: We have received the letter, and it is under consideration. No meeting has been scheduled yet.

Q: What is the status of the Texas Welfare Plan?

A: The state of Texas is asking for far-reaching changes in Medicaid and Food Stamp laws which involve several agencies. Any proposal of the scope of Texas' raises many issues of how to judge contractor performance; fairness to current employees of the State; how to ensure fiscal integrity; the impact on families who depend on these programs, and many other issues. The Administration is working with Texas to resolve these issues, as it would in the case of any proposal.

Silverman
Kagan/OPD and Barnes/COS

05/02/97 FRI 15:34 FAX 2026905673 DHHS/ASPA 002

Mike – Kevin Thurm of HHS met with Cmsner McKinney (TX. Dept. of Social Services) today. Melissa Skofield is taking calls. Norrie

Cc Yvette Jackson of Ag

CLOSE HOLD - DO NOT DISTRIBUTE

Talking Points/Q&As Following DS Meeting

- We're disappointed if Commissioner McKinney characterized the meeting as unproductive. We thought it was a good meeting with an honest discussion of the issues.

- We presented some new options to the state today and believe any of them could be the basis of a mutually acceptable agreement. These options are designed to let the state proceed as quickly as possible with their RFO, because they would be consistent with all of the relevant statutes and regulations governing cash assistance, Medicaid, and Food Stamps.

- We want Texas to go forward and we're considering policy, not political concerns. This has always been about how we can help Texas make its programs efficient, but still be consistent with current law and protect the beneficiaries of the three federal programs -- cash assistance (TANF), Medicaid and Food Stamps -- which all have different rules and regulations.

- Remember, this is a big, complex undertaking the state has proposed. It involves three large programs: cash assistance, Medicaid and Food Stamps, which are overseen by two separate federal departments. Texas already has the authority to proceed now with the welfare portion of their proposal, based on the welfare law that the President signed in August. Congress and the President retained the laws on Medicaid and Food Stamps because they have different missions and serve different people. So our concern is that they'd be doing so much -- re-engineering the state's computer program, outplacement, integrating eligibility processing for these three very different programs -- all at once. We want to get it right.

~~MMC~~ MEG, BT + LM^c, JL need update on this Monday. – M^c

5/5 still current (per Melissa Skolfield

Q Are you surprised by Texas' response?

A We appreciate the State's desire to move forward. We also want to move forward as quickly as possible to help the State, but we must be consistent with current law and protect beneficiaries.

Q So will the Administration oppose an amendment in Congress to grant this request by legislative action?

A It is unwise for Congress to legislate on administrative actions that should be worked out between program agencies and our state partner. We presented some new options to the State today and believe any of them could be the basis of a mutually acceptable agreement.

Q What exactly were the options you proposed in the meeting?

A We don't want to go into specifics because we're still trying to work something out. But the options are designed to let the state proceed as quickly as possible with their RFO, because they would be consistent with all of the relevant statutes and regulations governing cash assistance, Medicaid, and Food Stamps.

Q What took you so long in reaching a decision?

A This is a very complicated project involving multiple federal benefit programs and federal agencies. It is not easy to attempt to integrate these programs into one system. We wanted to carefully consider the many statutory and regulatory provisions in these federal programs to determine the extent of our legal authority. As you may know, under the new welfare law, the states have the flexibility to design the administration of their cash assistance programs. Yet, Congress and the President retained the laws on Medicaid and Food Stamps because they have different missions and serve different people. And we carefully considered what would be in the best interests of protecting the rights of the beneficiaries of these three different federal programs.

Because this project does involve the concept of privatization, we felt it was important to clearly state the statutory requirements relating to public vs. private eligibility determination for the various programs involved. We read the statutes for these programs as requiring that eligibility determination be in the hands of state administrators. Making decisions about the eligibility of needy people for benefits is one of the most fundamental functions of government. We also wanted to insure that we identified these issues early in the process so as to help the state avert delays later on in the development of the project.

Q Did you draw the line with state agencies as a compromise to the unions?

A No. We carefully considered this complicated project involving multiple federal programs and agencies and based our decision on our legal authority, not on politics or union interests. We also made our decision on what is right and in the best interest of protecting the beneficiaries of these three different programs.

Q Does this decision mean that you believe public employees are better than private ones in protecting the rights of beneficiaries?

A It means simply that we are following the laws as passed by Congress which are designed to let states seek innovative approaches to improve the efficiency of benefit programs while protecting the rights of beneficiaries. Making decisions about the eligibility of needy people for benefits is one of the most fundamental functions of government.

Q Is this the end of the line for this project?

A No. We presented some new options to the state today and believe any of them could be the basis of a mutually acceptable agreement. These options are designed to let the state proceed as quickly as possible with their RFO, because they would be consistent with all of the relevant statutes and regulations governing cash assistance, Medicaid, and Food Stamps. We want Texas to go forward and we're considering policy, not political concerns. This has always been about how we can help Texas make their programs efficient, but still be consistent with current law and protect the beneficiaries of the three programs -- cash assistance (TANF), Medicaid and Food Stamps -- which all have different rules and regulations.

Texas has the authority to proceed now with the welfare portion of their proposal now, based on the welfare law that the President signed in August. Congress and the President retained the laws on Medicaid and Food Stamps because they have different missions and serve different people. So our concern is that they'd be doing so much – re-engineering the State's computer program, outplacement, integrating eligibility processing for these three very different programs – all at once. We want to get it right.

Q Does this decision close the door to other states to privatize their programs?

A No. Under the new welfare law, states have broad authority to design the administration of their cash assistance programs for families. We encourage states to seek innovative ways to serve people better and find more efficiency in programs within the authority permitted by law.

Q But I've seen a memo to the President that suggested a much more lenient approach, which would let Texas privatize many more functions? Why the change?

A I'm not going to comment on an internal memo. We presented some new options to the state today and believe any of them could be the basis of a mutually acceptable agreement. These options are designed to let the state proceed as quickly as possible with their RFO, because they would be consistent with all of the relevant statutes and regulations governing cash assistance, Medicaid, and Food Stamps.

BACKGROUND: The memo laid out an option that would be consistent with Medicaid law and practice, and would have required the granting of administrative waivers for Food Stamps.

4.24.97

Press Guidance
April 24, 1997

WELFARE BENEFITS TO LEGAL IMMIGRANTS

Background: According to news reports: Yesterday, Speaker Gingrich, while in meeting with proponents of the measure, signaled support for the restoration of welfare benefits to legal immigrants.

Q: **More and more Republicans seem to be breaking ranks with their leadership to support some changes to the immigration parts of the welfare law. The Wall Street Journal reported this morning that Speaker Gingrich has agreed to add $125 million to the supplemental appropriations bill for legal immigrants. Does the President think that solves the problem?**

A: The President is glad that members of Congress and Governors and state legislators and county officials and mayors -- both Republicans and Democrats -- are gaining a new realization of the impact of the cuts to legal immigrants that were wrongly included in last year's welfare reform bill. Many state and local officials are now looking more carefully at their budgets and the potential costs of assisting disabled legal immigrants, many in nursing homes, without federal help. We are now about 100 days away from August 1st, when many disabled individuals will lose their SSI and Medicaid benefits.

Needless to say, a $125 million appropriation does not solve the problem. Now that Republicans have recognized a problem exists, it's their responsibility to work with us to really solve it. The President has put a comprehensive $14.6 billion proposal on the table that restores what we believe were the worst cuts to legal immigrants enacted last year. We encourage the Republican leadership to work with us in the context of budget negotiations to provide medical and other vital assistance to legal immigrants who work hard, pay taxes and contribute to American society and fall on hard times through no fault of their own.

Silverman per DPC document
Cynthia Rice x66701

4-23 97

Welfare Guidance
April 23, 1997

Question: The state of Florida has sued the federal government to overturn the part of the welfare law that eliminates benefits for most legal immigrants. Governor Chiles says the welfare law will leave state and local governments in Florida holding the bag for billions of lost benefits. What is the White House's position on this?

Answer: The President believes legal immigrants who work hard, pay taxes and contribute to American society and fall on hard times through no fault of their own should get medical and other vital assistance when they need it. That's why his budget provides $14.6 billion in assistance for those legal immigrants who, through no fault of their own, are unable to work: children and individuals who are disabled.

violates due process

As you indicated, the state of Florida filed a lawsuit today. The lawyers at the Department of Justice have just begun to look at it, and I do not have an indication from the Department about their plans. Generally, however, the role of the Department of Justice is to defend the constitutionality of federal laws when they are challenged in suits like this one.

Question: The Associated Press reported yesterday that the "Texas Welfare Plan is stalled at the White House." Is it the usual procedure for the President to personally decide state welfare reform requests?

Answer: The state of Texas is asking for far-reaching changes in Medicaid and Food Stamp laws which involve several agencies. The agencies are working as hard as they can to examine all of the relevant issues, and we hope to get the State of Texas an answer soon. The agencies have kept the White House informed of their decision making process -- as they should, given the significance of what Texas is requesting.

As you know, the Administration gets a lot of waiver requests from the states. The agencies conduct a review process for each of them. Because this is a complicated issue involving several different agencies, the review has been lengthy, probably a little more than we expected. But the agencies are working to provide Texas with a response as soon as possible.

Drafted/Cleared: Cynthia Rice/Elena Kagan, DPC

1-30-97

Another Corporation Steps up to Meet the President's Welfare To Work Challenge

White House Announces $10 Million Dollar Chase Manhattan Bank/Rockefeller Foundation/HUD Welfare-to-Work Partnership

Chase Manhattan Bank and the Rockefeller Foundation have teamed with HUD in a three-way partnership to plan and fund long-term private sector welfare-to-work demonstrations designed to raise employment rates in high poverty urban neighborhoods.

The Rockefeller Foundation has committed $4 million, Chase Manhattan $1 million, and HUD an initial $5 million. The Rockefeller Foundation expects to raise $4.5 million in additional funds from other foundations and public agencies by June 1998. If the original demonstration stage is successful, the Rockefeller Foundation will proceed with a multi-year, multi-site demonstration totaling an estimated $28 million.

The partnership will fund two separate demonstrations: the Jobs Plus initiative and the Neighborhood Jobs Initiative.

1. The goal of the Jobs Plus initiative is designed to increase employment rates of tenants currently living in public housing developments from 20 percent to 60 or 70 percent. To achieve this goal, **tenants will be rapidly placed *and* retained in private sector jobs**. Funding will go to Public Housing Authorities in six to nine urban sites -- finalists include Los Angeles, Cleveland, San Antonio, Seattle, and Louisville -- to train and place public housing residents in jobs while simultaneously modifying welfare and housing polices to encourage work. Employment programs will be tailored to local conditions and will rely on collaborations between public housing authorities and tenants, welfare offices, business, and community-based organizations.

2. The Neighborhood Jobs Initiative will fund intensive training and private sector job placement efforts in six to 10 urban sites including two sites in New York City -- Brooklyn and Central Harlem -- and Sandtown-Winchester in Baltimore. To receive funding, community programs will have four elements in common: work incentives; state-of-the-art job placement and retention services; expanded access to capital for neighborhood residents and business owners; and a creation of a community culture that supports work. Community organizations will work with welfare departments, employers, tenants, homeowners, and landlords to design and implement local programs to hire and retain residents. Funders hope to significantly increase the employment rates of working age neighborhood residents from the average 40 percent in select neighborhoods to the employment rates of cities in general, which range from 60 to 70 percent.

4·4·97

GUIDANCE ON WELFARE PRIVATIZATION ITEM IN WALL ST. JOURNAL
APRIL 4, 1997

The Journal's Washington Wire reports that the White House "is expected to allow private companies to run states' food stamp and Medicaid programs." The ruling involves Texas but could be a precedent. Advisers to Gov. Bush "expect the...administration to string out the decision, perhaps by requiring interim steps on bids."

The story adds, "The White House faces strong protests from labor [FYI, public employee unions and very senior labor types are very upset about this.] and advocates for the poor. An internal administration report [apparently an old decision memo that went to Bruce Reed] warns that privatizing could come 'at the expense of client services.' But such concerns appear to have been overruled by...Bruce Reed."

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* No decision has been made on the Texas request. It is a complicated issue that we are hoping to resolve soon. But this Administration has fought hard to preserve the federal guarantees for both Food Stamps and Medicaid. The interests of recipients are our foremost concern.

Q: Governor Bush is, in effect, calling Secretary Shalala a liar for not making a decision by April 1, as she had promised.

A: He knows better than that. The Administration gets a lot of waiver requests from the states. The agencies conduct a routine review process for each of them. Because this is a complicated issue, the review has been lengthy, probably a little more than we expected. But the agencies are working hard to provide Texas with a response as soon as possible.

Q: Didn't the President meet with labor leaders last Friday to discuss this very issue?

A: The meeting last week was a broad discussion of budget and welfare to work issues. I'm not certain whether this issue came up, but I think you know that public employee unions frequently raise concerns about proposals to privatize government services.

Q: Well does the White House have those same concerns?

A: The Administration is looking at all of these issues very carefully. It's very complicated, in part because of the different ways the welfare, Medicaid, and food stamp programs are treated under the new law. But the agencies, in coordination with the White House, are working as hard as they can to examine all of these issues, and we hope to get the State of Texas their answer as soon as possible.

TOIV
Reviewed by Reed/Cynthia Rice

4.10.97

Cynthia A. Rice 04/10/97 12:37:58 PM

Record Type: Record

To: Barry J. Toiv/WHO/EOP

cc: Julia R. Green/WHO/EOP, Lyn A. Hogan/OPD/EOP

Subject: Slightly revise Q&A to answer your question, Barry--change in bold

Question: Your charts show the federal government plans to hire 1,962 welfare recipients this year and 6,274 next year. What percent of federal jobs will welfare recipients get?

Answer: Last year, the federal government hired about 198,000 permanent and temporary workers. If hiring patterns stay the same, then in 1997, 1 percent of hires would be welfare recipients and in 1998, 3 percent of new hires would be welfare recipients.

Question: Are these jobs temporary or permanent? To what extent will agencies use the Worker Trainee program the President described in his March 8th radio address?

Answer: We did not ask the agencies to provide us with a breakdown of the hiring authorities they plan to use. But the agencies will be submitting **reports from now on (monthly at first and then quarterly)** that will provide us with more information as they begin hiring.

We asked agencies to use all existing hiring authorities. We expect many will hire welfare recipients into regular civil service jobs. The Census Bureau will be hiring lots of temporary workers during the next four years, as it does for every decennial Census, and it will include 4,000 welfare recipients among those workers. Third, some agencies will make use of the Worker Trainee program. The program, which has been in effect since 1968, allows agencies to quickly and easily hire entry-level persons for up to 3 years, with the ability to convert the appointment to career status if the employee has performed satisfactorily.

PRESIDENT CLINTON TO DISCUSS WELFARE TO WORK AT CABINET MEETING
April 10, 1997

Today, President Clinton holds the first full cabinet meeting of his second term to receive responses to his directive asking all Federal agencies to develop plans to hire welfare recipients. All of the Cabinet agencies, as well as over 100 non-Cabinet agencies and departments, have submitted hiring plans to the President through the Office of the Vice President. To date, the Cabinet agencies estimate they can directly hire into the Federal government 8,000 welfare recipients during the first two years of this program. And some agencies have already committed to hiring at least 2,000 more over the next two years bringing the initial total to 10,000. Further, most agencies will be encouraging their grantees and contractors to hire welfare recipients.

The President is also releasing today new data showing that welfare caseloads have declined by 2,755,000, or 20 percent, during his first term and he is announcing plans to meet in May with a group of CEOs to discuss their specific commitments to make welfare reform a success.

Joining the President at today's cabinet meeting will be two former welfare recipients who are now successful federal government employees at the Social Security Administration. Rebecca Rae Wilson was hired as a temporary clerk in the Clinton, IA branch office of the Social Security Administration in May 1996. While working at SSA, she pursued her education and will complete her associates degree from Clinton Community College in May. She plans to continue her education at Mt. St.Claire College to receive a baccalaureate degree in business administration. As a stay-in-school employee at SSA, Rebecca's earnings have enabled her to get off of AFDC. Rebecca is the mother of two who hopes one day to become a career federal employee with SSA.

Tonya JoAnn Graham went on welfare as a single parent in August 1984. She obtained an associates degree from Levelland College and was informed of a SSA vacancy in the Dallas, TX region when one of her professors announced it in class. Tonya was able to stop receiving welfare when she was hired at SSA in 1989. She received her bachelor's degree from Lubbock Christian University in 1990 and began working full-time at SSA. She has received subsequent promotions for her work as a claims representative.

Background

On March 8, 1997, President Clinton directed each head of a Federal agency or department to use all available hiring authorities to hire and retain welfare recipients in jobs in the government. The President called for agencies to prepare individualized plans for hiring and retaining welfare recipients.

Each head of a Federal agency or department was asked to assess its hiring capacity and to develop a hiring and job retention plan suited to that particular agency's workforce, resources, and needs. All Cabinet agencies and over 100 non-Cabinet agencies and departments have responded.

Since signing the historic welfare reform law, the President has urged businesses, non-profit organizations, and religious groups across the nation to help make its promise of opportunity real by offering jobs to welfare recipients. In holding a special Cabinet meeting to discuss the hiring plans of all agencies, the President helps to ensure that the federal government, as the nation's largest employer, does its fair share to move welfare recipients to work.

Making Welfare Reform Work

The Federal government hiring effort is only one piece of President Clinton's larger strategy to make welfare reform a reality. First, the President is visiting state legislatures to share the country's best welfare to work practices and to encourage every state to rise to the challenge he has laid out to them. Second, the President has enlisted key members of the business community in his effort, soliciting pledges of help from major CEOs and working to build a larger network of business people who will hire welfare recipients. Third, he continues to reach out to nonprofits and the faith community, similarly urging them to meet his challenge and offering them information and expertise on how to do so. Finally, the President has included $3.6 billion in his FY 1998 budget for several welfare to work initiatives including tax credits and other incentives for businesses that hire people off welfare; incentives for job placement firms and states to create more jobs for welfare recipients; and transportation and child care to help people go to work.

Facts and Figures

Federal Government Employees

- There are 1.9 million Federal employees nationwide

- Federal employees represent 1.5% of this country's workforce

- Last year, the federal government hired over 190,000 permanent and temporary workers.

- There are 1,513 employees in the Executive Office of the President -- a number including all employees of the Office of Management and Budget, the US Trade Representative, the National Security Council, the Domestic Policy Council, the National Economic Council, and others.

Additional Hiring Power In the U.S.

- There are 826,000 U.S. businesses with more than 20 employees.

- There are 1.1 million nonprofit organizations (not including congregations).

- There are 135,119 congregations with more than 200 members and 205,583 congregations with more than 100 members.

The Welfare Rolls

- There are 20 percent ***fewer*** people on welfare than the day the President took his first oath of office -- the largest decline in the history of the welfare system.

- The welfare caseload fell by 2,755,000 from 14,115,000 in January 1993 to 11,360,000 in January 1997, decreasing as much in the last four years as it increased in the first *25 years* of the program.

- Before the President signed the welfare reform bill, he worked with states to test reform strategies, giving 43 states waivers from federal rules to experiment with reforms that required work, imposed time limits, and demanded personal responsibility. In 1993, the President made work pay better than welfare for 15 million low income families through an expansion of the Earned Income Tax Credit which he proposed and the Congress adopted.

WELFARE TO WORK: FEDERAL GOVERNMENT COMMITMENTS BY AGENCY

April 10, 1997

Agency	Total Number of Potential Hires (FY97-00)	FY97	FY98	FY99	FY00	Total Federal Civilian Employment
USDA	450	100	175	175	TBD	96,741
Commerce	4,180	180	4,000	TBD	TBD	34,228
Defense	1,605	248	505	505	347	769,784
Education	21	21	TBD	TBD	TBD	4,496
Energy	55	0	55	TBD	TBD	17,494
EOP	6	6	TBD	TBD	TBD	1,513
EPA	120	60	30	15	15	17,157
FEMA	125	20	35	35	35	5,044
GSA	121	65	35	15	6	14,435
HHS	300	50	100	TBD	TBD	58,427
HUD	200	50	50	50	50	11,242
Interior	325	50	75	90	110	64,840
Justice	450	100	175	175	TBD	111,535
Labor	120	50	70	TBD	TBD	15,116
NASA	40	0	22	6	12	20,440
OPM	25	25	TBD	TBD	TBD	3,344
SBA	120	30	30	30	30	4,513
SSA	600	150	150	150	150	66,177
State	220	55	55	55	55	23,982
Transportation	206	102	107	TBD	TBD	62,642
Treasury	405	200	205	TBD	TBD	151,176
VA	800	400	400	TBD	TBD	244,857
TOTAL	**10,494**	**1,962**	**6,274**	**1,301**	**810**	**1,799,183**

Q&A
The Federal Government Plan to Hire Welfare Recipients

Question: How many welfare recipients is the Federal government comitted to hiring?

Answer: To date, the Cabinet agencies estimate they can directly hire into the Federal government 8,000 welfare recipients during the first two years of this program. And some agencies have already committed to hiring at least 2,000 more over the next two years bringing the initial total to 10,000. Further, most agencies will be encouraging their grantees and contractors to hire welfare recipients.

Question: Hiring a total of 10,000 welfare recipients over four years seems ambitious. Are these figures realistic?

Answer: This is an ambitious plan and it is a testament to the leadership and creativity of this Administration. However, you must remember that these numbers are preliminary estimates and may go up or down depending on future budgets as well as the success of agency outreach and retention plans, and other factors such as the strength of the economy.

Question: These numbers seem modest given the enormity of the problem. Why are they so skimpy?

Answer: Actually, these numbers represent what is essentially the Federal government's fair share of the effort to hire welfare recipients. The Federal government is approximately 1.5 percent of the nation's workforce. To meet its portion of the President's challenge to move 2 million people off of welfare by the year 2000-- which amounts to moving about 700,000 adults into the workforce -- the Federal government ought to hire about 10,000 welfare recipients. As you can see on the chart we've handed out, the Federal government has committed to hiring close to 8,000 welfare recipients in the first two years, and we fully expect that number to grow once agencies complete more surveying and have their programs fully operational.

Question: What sort of hires are included in the 10,000 figure?

Answer: All agencies have surveyed their existing hiring capacity and have reported available entry-level positions through all existing hiring capacities including the Worker-Trainee program the President encouraged them to use. The 10,000 number refers *only* to those who would be hired *directly* by the Federal government. Additionally, many of the agencies will be encouraging their grantees and contractors to hire welfare recipients, thereby further increasing the number of recipients likely to be hired.

Question: What are the common elements of each plan?

Answer: While every agency plan is different, most plans address the following elements: Agency hiring capacity and available resources; plans for outreach to potential employees both within the Federal government and in the private for-profit and nonprofit sectors through government contractors and grantees; job preparation including formal training, job readiness and education; and plans to retain employees once hired including addressing child care and transportation issues, as well as using existing Employee Assistance Programs and creating mentoring or buddy programs to address personal issues that may arise.

Question: How are you going to hire welfare recipients at a time government is downsizing and budgets are tough?

Answer: It is true that the government has been downsizing. Since the President took office, he has actually shrunk the Federal government to its smallest size in three decades. However, downsizing does not mean that there are no jobs to fill. As in any organization, there is a natural amount of turnover in jobs at all levels. The Federal agencies have surveyed *current* vacancies and have committed to reaching out specifically to the welfare population to fill those positions.

Question: How many Federal employers are there and what percentage of the workforce does that represent?

Answer: There are 1.9 million Federal employees that account for 1.5% of the nation's workforce.

Question: How much will this effort cost?

Answer: This effort should not cost anything. All personnel offices conduct recruitment and outreach as part of their normal activities and build in these necessary activities as part of their normal budgets. Essentially, we are expecting agencies to carry this out within their existing budgets.

Question: Will agencies be hiring only in Washington, D.C.?

Answer: No. We're talking about jobs all over the country. More than 85 percent of federal jobs are located outside the Washington metropolitan area.

Question: The White House has over 1,500 employees. Why is the White House hiring only six recipients?

Answer: While this number might sound small, it is actually comparable to other agency hiring targets when compared to the percentage of each agency's workforce. For example, the Department of Transportation has committed to hiring 206 welfare recipients, the GSA 65 and DoD 1,605--but each is hiring approximately the same percent of its total Federal employees.

Further, the White House is ready to hire six welfare recipients now. Once the White House program is in place and the initial six are hired, we expect to continue to hire more over the coming years.

Question: In which departments will the White House place the first six welfare recipients?

Answer: One of the first welfare recipients will be placed in the Domestic Policy Council, the agency primarily responsible for welfare reform. Others will be placed through the Executive Office of the President.

Question: Aren't you favoring welfare recipients over everyone else?

Answer: We are not creating any preference such as the one that exists for veterans. We are encouraging the departments to use an existing hiring authorities, including programs that allow departments to cut through red tape and hire entry-level workers quickly and easily. We are also encouraging outreach efforts. This is the same commitment that the President has asked of the private sector.

Question: Why are we specifically helping welfare recipients rather than other poor people?

Answer: We make no apologies about the fact that we are asking the agencies to hire needy single mothers with children. These are the people whom it is most crucial to reach and put on the track of work. We want to help these families move from dependence on welfare to independence through self-sufficiency.

Question: Now that the agencies have turned in their plans, what are the next steps?

Answer: Agencies will begin working right away to fill available jobs by reaching out to welfare recipients to notify them of those jobs, and to fully use the existing programs to help recipients take *and keep* the jobs.

Question: Why did it take the Administration so long to get its hiring program off the ground?

Answer: The Federal hiring process has lots of complex rules and regulations and it took some time to figure out the best ways for agencies to hire entry-level people quickly and easily. We are thrilled that so many of the agencies presented us with creative and ambitious plans that show their commitment and leadership to the pressing issue of moving welfare recipients permanently into the workforce.

Question: Does the President think federal government hiring is the way to reform welfare?

Answer: The Federal government's role is an important one, but it is only part of the formula for success. The President wants the Federal government to do exactly what he has asked the private sector to do -- help meet his challenge to move 2 million people off the welfare rolls by the year 2000, and to *continue* to move recipients into work thereafter. The President is extremely pleased that all of his Cabinet Secretaries and other agency and department heads have response so enthusiastically.

Question: What can you tell me about the meeting the President is planning with business leaders in May?

Answer: As you know, the President has met several times with key business leaders to discuss their role in making welfare reform a success. Most recently, the President met with 14 CEOs of major corporations, each of whom pledged to become involved in this effort. Now, this May, the President will again meet with many of those CEOs as well as 25 additional CEOs to talk about their specific commitments to the welfare to work effort.

Question: Nearly half of the total hiring figures you've cited for all Cabinet agencies come from the Department of Commerce's commitment to hire 4,000 people to help with the Census. Don't these temporary hires artificially inflate your numbers?

Answer: We are extremely pleased that the Department of Commerce has committed to hiring so many people over the next four years to do work on the 2000 Census. Most of these jobs will last up to six months while some will last up to one year. There will also be options for some of the individuals to be converted to permanent employment. However, as you know, every job is significant because whether it is short term or long term, a job offers a welfare recipient valuable work experience and on-the-job training that can help her achieve permanency in the labor market. Further, even without the Census numbers, the Cabinet Secretaries' numbers are extremely significant and only represent a start. Once agency programs are up and running, we will likely see the numbers continue to rise.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release **April 10, 1997**

Attached are the national and state-by-state statistics representing the 20% drop in welfare caseloads during President Clinton's first term.

-30-30-30-

CHANGE IN WELFARE CASELOADS

Total AFDC/TANF families and recipients

	Jan.93	Jan.94	Jan.95 (millions)	Jan.96	Jan.97	percent(93-97)
Families	4.963	5.053	4.936	4.628	4.104	-17%
			859,000 fewer families			
Recipients	14.115	14.276	13.918	12.877	11.360	-20%
			2,755,000 fewer recipients			

Total AFDC/TANF recipients by State

state	Jan.93	Jan.94	Jan.95	Jan.96	Jan.97	percent(93-97)
Alabama	141,746	135,096	121,837	108,269	91,569	-35%
Alaska	34,951	37,505	37,264	35,432	36,189	+4%
Arizona	194,119	202,350	195,082	171,617	151,526	-22%
Arkansas	73,982	70,563	65,325	59,223	54,751	-26%
California	2,415,121	2,621,383	2,692,202	2,648,772	2,474,689	+2%
Colorado	123,308	118,081	110,742	99,739	87,074	-29%
Connecticut	160,102	164,265	170,719	161,736	155,578	-3%
Delaware	27,652	29,286	26,314	23,153	23,141	-16%
D.C.	65,860	72,330	72,330	70,082	67,871	+3%
Florida	701,842	689,135	657,313	575,553	478,329	-32%
Georgia	402,228	396,736	388,913	367,656	305,732	-24%
Hawaii	54,511	60,975	65,207	66,690	65,312	+20%
Idaho	21,116	23,342	24,050	23,547	19,925	-6%
Illinois	685,508	709,969	710,032	663,212	599,629	-13%
Indiana	209,882	218,061	197,225	147,083	121,224	-42%
Iowa	100,943	110,639	103,108	91,727	78,076	-23%
Kansas	87,525	87,433	81,504	70,758	57,528	-34%
Kentucky	227,879	208,710	193,722	176,601	161,150	-29%
Louisiana	263,338	252,860	258,180	239,247	206,582	-22%
Maine	67,836	65,006	60,973	56,319	51,031	-25%
Maryland	221,338	219,863	227,887	207,800	169,723	-23%
Massachusetts	332,044	311,732	286,175	242,572	207,932	-37%
Michigan	686,356	672,760	612,224	535,704	460,793	-33%
Minnesota	191,526	189,615	167,949	171,916	159,855	-17%
Mississippi	174,093	161,724	146,319	133,029	108,365	-38%
Missouri	259,039	262,073	259,595	238,052	208,132	-20%
Montana	34,848	35,415	34,313	32,557	26,294	-25%
Nebraska	48,055	46,034	42,038	38,653	36,490	-24%
Nevada	34,943	37,908	41,846	40,491	28,817	-18%
New Hampshire	28,972	30,386	28,671	24,519	20,627	-29%
New Jersey	349,902	334,780	321,151	293,833	256,000	-27%
New Mexico	94,836	101,676	105,114	102,648	89,814	-5%
New York	1,179,522	1,241,639	1,266,350	1,200,847	1,074,100	-9%
North Carolina	331,633	334,451	317,836	282,086	252,564	-24%
North Dakota	18,774	16,785	14,920	13,652	11,904	-37%
Ohio	720,476	691,099	629,719	552,304	518,595	-28%
Oklahoma	146,454	133,152	127,336	110,498	87,144	-40%
Oregon	117,656	116,390	107,610	92,182	66,919	-43%
Pennsylvania	604,701	615,581	611,215	553,148	483,625	-20%

state	Jan.93	Jan.94	Jan.95	Jan.96	Jan.97	percent(93-97)
Rhode Island	61,116	62,737	62,407	60,654	54,588	-11%
South Carolina	151,026	143,883	133,567	121,703	97,146	-36%
South Dakota	20,254	19,413	17,652	16,821	14,050	-31%
Tennessee	320,709	302,608	281,982	265,320	194,860	-39%
Texas	785,271	796,348	765,460	714,523	625,376	-20%
Utah	53,172	50,657	47,472	41,145	35,442	-33%
Vermont	28,961	28,095	27,716	25,865	23,515	-19%
Virginia	194,212	194,959	189,493	166,012	135,908	-30%
Washington	286,258	292,608	290,940	276,018	263,792	-8%
West Virginia	119,916	115,376	107,668	98,439	68,600	-43%
Wisconsin	241,098	230,621	214,404	184,209	123,758	-49%
Wyoming	18,271	16,740	15,434	13,531	10,117	-35%

Source: U.S. Dept. of Health & Human Services
Administration for Children and Families
April 1997

Q&A
The Federal Government Plan to Hire Welfare Recipients

Question: How many welfare recipients is the Federal government comitted to hiring?

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Question: These numbers seem modest given the enormity of the problem. Why are they so skimpy?

Answer: Actually, these numbers represent what is essentially the Federal government's fair share of the effort to hire welfare recipients. The Federal government is approximately 1.5 percent of the nation's workforce. To meet its portion of the President's challenge to move 2 million people off of welfare by the year 2000-- which amounts to moving about 700,000 adults into the workforce -- the Federal government ought to hire about 10,000 welfare recipients. As you can see on the chart we've handed out, the Federal government has committed to hiring close to 8,000 welfare recipients in the first two years, and we fully expect that number to grow once agencies complete more surveying and have their programs fully operational.

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Answer: It is true that the government has been downsizing. Since the President took office, he has actually shrunk the Federal government to its smallest size in three decades. However, downsizing does not mean that there are no jobs to fill. As in any organization, there is a natural amount of turnover in jobs at all levels. The Federal agencies have surveyed *current* vacancies and have committed to reaching out specifically to the welfare population to fill those positions.

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Question: What can you tell me about the meeting the President is planning with business leaders in May?

Answer: As you know, the President has met several times with key business leaders to discuss their role in making welfare reform a success. Most recently, the President met with 14 CEOs of major corporations, each of whom pledged to become involved in this effort. Now, this May, the President will again meet with many of those CEOs as well as 25 additional CEOs to talk about their specific commitments to the welfare to work effort.

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Additional Welfare Q&As
4/10/97

Question: Having the federal government hire welfare recipients is all well and good, but what are you doing to fix the faults of the welfare bill, as you promised to do when you signed it last August?

Answer: I signed the welfare bill into law because it restores America's basic bargin of providing opportunity and demanding in return responsibility. The law also protects children by guaranteeing medical care and nutrition and by providing $14 billion for child care.

The best evidence that welfare reform works is the fact that welfare rolls have declined 20 percent since I became President. The decline is in part due to the waivers I granted to 43 states to allow them to take the kinds of tough actions now allowed in the welfare law.

As I said when I signed the bill, I strongly oppose some of the budget cuts the Congressional leaders attached to the welfare reform bill, cuts that have nothing to do with welfare reform. My budget would correct these problems, restoring benefits to legal immigrants who become disabled after entering the U.S. and to children who are too young to naturalize. I would also put a real work requirement into the food stamp law which would help those who want to work but can't find jobs.

Question: You've released new numbers today showing the welfare caseloads declined by 2.8 million or 20 percent since you became President. If the welfare rolls have declined anyway, why did you need to sign the welfare bill?

Answer: The caseload reductions show <u>why</u> I signed the welfare law -- they're the best evidence that welfare reform works. As you know, my Administration granted welfare reform waivers to 43 states so they could impose tough work requirements and time limits and provide incentives that made work pay better than welfare. The caseload decline shows that these kinds of actions work. And now, governors no longer have to petition Washington to put them into effect. The welfare reform law imposes times limits and lets states design sanctions for those who don't work.

4.9.97

GUIDANCE ON WELFARE CABINET MEETING
APRIL 9, 1997

* As you know, the President is making one of his highest priorities of his second term the effort to help welfare recipients make a successful transition to work. The President believes that through the hard work that needs to take place at the state and local level, through the legislation he has proposed to encourage hiring, and through other efforts throughout society, we can move two million more people off the welfare rolls over these next four years.

* The President has already been working hard with the private sector to encourage businesses to hire welfare recipients, and he has encouraged the non-profit sector and religious groups to do the same.

* The President also believes that the Federal government, as the nation's largest employer, must do its part and set an example for the nation.

* As you may all remember, on March 8, the President directed the heads of all executive departments and agencies to present him with their plans for hiring welfare recipients.

* Tomorrow (at 1:30), the President will hold his first full cabinet meeting of his second term to receive the plans that have been drawn up in response to his directive and to announce the overall plans of the Executive Branch for hiring welfare recipients.

* All of the Cabinet agencies as well as the non-Cabinet agencies and departments have submitted plans through the Office of the Vice President (including the Executive Office of the President).

* The agencies have been working very hard on these plans, and they have been working with the Vice President's office to ensure that their plans are ambitious but also realistic.

* They needed plans that were suited to their individual workforce, resources, and needs.

(We'll have briefers at tomorrow's briefing.)

(Yes, we'll have specific numbers.)

(Pool press in the Cabinet Room)

(President and Vice President will speak)

(We may have one or two individuals (who probably will **not** speak) who moved from welfare into jobs with the Federal government and have been successful in their work (we're not taking credit for them, at least one predates us, rather they serve as examples of the many people who have made this transition to show that this will in fact work))

TOIV
Reviewed by Kagan, Kamarck

4·1·97

Q&As re: Worker Displacement in Welfare Reform
4/1/97

Question:

What does the Administration plan to do about the problem of welfare recipients taking jobs from the working poor, which was chronicled in today's New York Times?

Answer:

First let me note that the welfare reform law signed by the President prohibits worker displacement. Welfare reform programs cannot place welfare recipients in jobs openings created by company firings or layoffs. Welfare recipients can however, be placed in jobs that are vacant for reasons other than firings or layoffs (section 407(f) of the law).

Second, we believe that the growing economy creates enough job opportunities to meet the President's goal of putting one million welfare recipients to work by the year 2000. Remember, we've created 12 million new jobs over the last four years. To ensure that adequate jobs are available, the President has proposed in his budget a $3 billion Welfare-to-Work Jobs Challenge fund which states and cities could use to create new jobs for welfare recipients.

$3 B Welfare to Work Jobs Challenge.

Question:

The article notes that displacement may be happening because welfare recipients "are allowed to work without being covered by the minimum-wage law and the various protections of the Fair Labor Standards Act." Is this true?

Answer:

Agency lawyers are in the course of examining to what extent the Fair Labor Standards Act applies to welfare to work programs. We expect to have an answer shortly; the fact that we have no answer at this time does not mean The New York Times is correct.

Drafted: Cynthia Rice, DPC
Cleared: Bruce Reed

1 30 ·97

Hiring welfare recipients at the White House
January 30, 1997

Q: Where are you on the idea of hiring welfare recipients at the White House?

A: It is an interesting idea that we are pursuing in conversations with OPM. (FYI -- This has not advanced beyond the last time you talked about it.)

KMcKiernan per conversation with Bruce Reed, 6-6515

Q: Corporate welfare/*Post* article this morning

A: As you know, the President will soon be unveiling his budget submission. We will be proposing significant reforms to close corporate tax loopholes and cut unwarranted subsidies -- far in excess of what Representative Kasich proposed. While we understand that Congress may not agree with all of our measures, we look forward to working with them in a spirit of bipartisan cooperation to balance the budget while providing middle class tax relief.

Congress made some proposals of its own, which will look at carefully. At the same time, we strongly believe that the institutions that strengthen the economies of developing countries and promote U.S. exports serve important national interests.

Press Guidance
February 20, 1997

Welfare/Fair Labor Standards Act

- We are looking at the issue. There is an inter-agency review process underway. We are committed to the minimum wage laws and are also committed to welfare reform.

- We don't think people should be paid a subminimum wage for work whether they are coming from welfare or not. We are looking at the issue consistent with the law - both the Fair Labor Standards Act and the Welfare Reform Act

A Mellody per Elena Kagan, DPC

QUESTION AND ANSWER ON WELFARE REFORM AND THE MINIMUM WAGE

Question: Is the Administration going to make clear that the Fair Labor Standards Act requires that at least the minimum wage be paid to welfare recipients participating in work activities?

Answer: This Administration is committed to moving people from welfare to work. It's also committed to making sure workers get at least the minimum wage for their efforts. Workers shouldn't be paid a subminimum wage, whether or not they come off the welfare rolls. But the Administration is still studying precisely how the FLSA and other worker protection laws play out in the welfare context. We expect to have a final answer on the minimum wage question within the next few weeks.

QUESTION AND ANSWER ON WELFARE REFORM AND PRIVATIZATION

Question: Is the Administration going to allow states to privatize welfare operations now performed by state employees?

Answer: As you know, the Administration is reviewing requests by certain states to privatize some or all of their welfare operations. The legal and factual questions involved in this decision are very complicated, and I understand that the agencies involved are not yet ready to make any decision.

Hiring welfare recipients in the federal government
February 21, 1997

The Wall St. Journal reported today that we are moving forward on consideration of having government agencies hire welfare recipients.

- All of us who have been working to move more Americans from welfare to work acknowledge that government alone cannot afford to provide jobs for all of those currently on assistance. We need the commitment of the private sector to get the job done -- and we have been very pleased by the response to date from the CEOs of several major corporations who have committed their companies to hiring welfare recipients and investing in troubled communities.

- At the same time, the White House has been interested in what federal agencies can do to open up work opportunities to those on welfare. We asked the Office of Personnel Management to look into this question and just this week OPM Director Jim King provided the President's Domestic Policy ~~Council with a memo which~~ outlines different options that federal agencies could undertake, ~~including the expansion of~~ existing programs to attract entry-level workers. The Domestic Policy Council will review the memo and move forward as appropriate.

- OPM's memo looked at the question of hiring welfare recipients in the federal government generally. The Domestic Policy Council, led by Bruce Reed, is continuing to look at the possibility of opening up opportunities for welfare recipients at the White House.

Drafted: KMcKiernan
Cleared: Elena Kagan, 6-5584

CEOs and Welfare Programs
February 11, 1997

BACKGROUND: Recent articles in the Chicago Tribune allege that the companies the President touted in the State of the Union message for committing to welfare-to-work programs have not really done so; some claim they have not been contacted by the White House, others claim that they are not equipped to handle for welfare recipients, given some of their special needs.

- Eli Segal, the President of the Corporation for National Service, has spoken with the CEOs of all five of the companies that the President mentioned in his speech: United Airlines, Burger King, Sprint, Monsanto, and UPS. All of them committed to heading a new national effort to bring welfare recipients into the workplace. Needs of both welfare recipients and corporations differ greatly; these companies will share ideas and methods, rates of success and failure.

- Last Friday, Eli Segal had a meeting with corporate and Washington representatives to discuss next steps. In two weeks or so, they will report back on what they can do next.

- The President said from the outset is that this is the beginning of a process; we are fundamentally changing the way that welfare recipients live their lives. President Clinton is challenging corporate America to commit to helping speed that change by offering jobs to former welfare recipients.

Q: Are there enough entry-level jobs in these corporations to absorb all of the recipients of welfare?

A: Every company is different. Not all companies have entry-level positions, but where they exist, they will attempt to hire people off welfare.

Supplemental Security Income New Childhood Disability Standard
February 6, 1997

The welfare law required SSA to provide a new tightened definition of childhood disability for the SSI program, which provides monthly cash payments and Medicaid for low-income disabled children. SSA was challenged with formulating a standard that both meets the intent of Congress to tighten eligibility and ensures that severely disabled children and their families are protected under the new law. SSA is announcing that standard at 2 PM today.

SSA's Standard:

- The Administration is confident that the standard in the regulations SSA has developed meets the letter and the spirit of the law in ensuring that needy children with severe disabilities are protected.

- *Numbers:* Of the approximately 950,000 children currently receiving benefits, CBO estimated that between 100,000 and 260,000 children would lose benefits under the new eligibility definition in the welfare law. SSA estimated last year that 190,000 children would lose benefits; **SSA estimates that under its new standard the total number of children who will be removed from the rolls is 135,000 -- in the low range of CBO's initital estimates for the law.**

- *Type of Disability.* Most of those affected under SSA's standard can be categorized as children with less severe mental impairments -- such as less severe learning disabilities or behavioral disorders. The new rules provide guidelines for evaluating more severe impairments -- such as Down's Syndrome, severe mental retardation or autism -- to ensure that such children remain eligible under the new standard. Because disability determination is a complex issue, regulations in this area are difficult and complicated. For a description of the more specific details of the regulation, the SSA Commissioner should be contacted.

Medicaid Coverage:

- The President is also proposing a legislative change to soften the impact of the eligibility changes. The legislative change would allow disabled children who lose their SSI eligibility under the new definition of childhood disability to retain their Medicaid health coverage -- so that the medical needs of these families continue to be met.

Ongoing Evaluation:

- SSA will track the effects of the implementation of this law. If they discover that revisions or improvements in the law are needed, they will recommend such changes.

Drafted/Cleared: Ken Apfel, OMB, 5-4844
KMcKiernan

New Childhood Disability Definition Questions and Answers
February 6, 1997

Q: The welfare law called for this new standard to be published in the Federal Register by 11/22/96. Why is it taking so long to issue this regulation? When will the regulation be published?

A: The regulation will be published in the next day or two. Because this new rule will have a direct impact on thousands of low-income disabled children, it was essential that SSA take enough time to ensure that the new guidelines carry out Congressional intent and ensure eligibility for severely disabled children. Working within the general framework established by Congress, SSA had to carefully examine all its eligibility criteria and, where appropriate, add functional criteria to the standards to protect SSI eligibility for children with severe disabilities.

[Note: A backlog of over 100,000 applications has built up since August, while SSA developed this new standard. These are children whose cases are in the "grey area" of the new definition.]

Q: How many disabled children will lose monthly payments? Who are the children that will lose benefits?

A: SSA estimates that, out of approximately 950,000 children currently on the rolls, about 135,000 children will no longer be eligible for SSI payments. (This number is in the low range of CBO's estimates.) The children who will be affected can be very broadly categorized as children with certain mental impairments, such as less severe learning disabilities and behavioral disorders.

Q: When will children lose benefits?

A: No one will lose benefits until the summer, and families who appeal SSA's decision will keep benefits during the appeals process.

Q: Was the President involved in the decision of the new disability standard?

A: Since the passage of welfare reform, the White House has been working with officials at all affected agencies to ensure that they implement the new law consistently and properly. SSA kept the White House abreast of policy and legal issues that arose in establishing the new standard. However, Commissioner Chater made the final decision on behalf of the President.

Q: **Is the President concerned about the effect of the new law on low-income disabled children? If so, what is he going to do about it?**

A: Yes. That's why the Administration has taken these steps. First, while meeting congressional intent, SSA worked within the framework established by Congress to add additional criteria to the new rules that protect severely disabled children. Second, the President has proposed that Medicaid coverage continue for children who lose SSI benefits as a result of this change, so that the medical needs of families continue to be met. Third, SSA will be tracking the effects of the law. If SSA discovers that changes are needed, it will recommend such changes to the President.

Q: **Isn't this another example of the Administration backtracking on welfare reform? In addition to the increase in your food stamp/legal immigrant fix package, aren't you also reducing the savings originally expected from this change by cutting off fewer children?**

A: The Social Security Administration developed this regulation under its authority to implement the law, using its best efforts to interpret congressional intent. It does not reflect any change in policy. On the other hand, the welfare reform package in the budget consists of the Administration's proposed policy changes to the welfare law, including the cost of keeping Medicaid coverage for children who lose SSI. SSA believes that the Hill would concur that this is a fair interpretation of their intent.

Q: **How much money will be saved by the new rules? Was the budget a major consideration in establishing the new rules?**

A: Savings of about $4.8 billion are estimated in the 6-year period starting in FY 1997. SSA was not motivated by budget considerations in establishing the new rules. SSA relied on the statute itself as well as its legislative history.

Q: **The advocates are arguing that the new standard is too strict and that Congress gave the agency much leeway in the statute to establish a more lenient standard. Why such a strict interpretation?**

A: It is my understanding that it is very clear from the welfare reform law and legislative history that Congress meant to establish this severity standard. These new rules meet that legislative intent while including important additional elements to protect severely disabled children.

Drafted and Cleared: Diana Fortuna, DPC, 6-5570 and Ken Apfel, OMB, 5-4844

SSI Cutoff Notices to Legal Immigrants
February 6, 1997

As reported in the New York Times, the Social Security Administration has begun to send notices to SSI recipients that they may lose their benefits unless they can demonstrate that they are citizens.

- SSA will send notices to 900,000 SSI recipients between now and the end of March, informing them that they may lose SSI benefits unless they can demonstrate they are citizens. They are sending out 100,000 notices a week. The welfare law requires that notices go out by the end of March.

- Of the 900,000 people getting notices, 500,000 are expected to ultimately lose benefits.

- SSA has no citizenship information for many of the people getting notices; i.e., they may be native Americans. For that reason, SSA sent less alarming notices to people about whom it had no information.

- Our welfare fix proposal would exempt 350,000 of the 500,000 people who would lose SSI: those who became disabled after entering the country.

- Those who are unable to prove they are citizens will lose SSI over the summer.

- Some legal immigrants are exempt from the cutoff: refugees and asylees for their first 5 years, veterans, and those who have accumulated "40 quarters" of work here in this country.

Drafted and Cleared: Diana Fortuna, DPC, 6-5570

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Drafted and Cleared: Diana Fortuna, DPC, 6-5570 and Ken Apfel, OMB, 5-4844

Welfare Reform -- Q&A's after NGA Meeting
2/3/97

Question: *Didn't the President suffer a major defeat in his quest to fix the welfare law, with the action by the NGA to drop its opposition to legal immigrant cuts?*

Answer: Even though their final resolution was weakened under pressure from the Congressional leadership, the Governors are now on record as recognizing that the cuts in benefits to legal immigrants are too harsh and need to be addressed. The fact that the Republican Governors had to back off at the last minute doesn't change this fact.

As the new welfare law is being implemented, the Governors are gaining a new appreciation of some parts of the bill that the President has had a problem with from the beginning -- those parts that are not related to putting people to work. This is particularly true of those Governors in states with large numbers of legal immigrants. They are now looking more carefully at their state budgets and the fact that many legal immigrants who are disabled, many in nursing homes, will lose their SSI and Medicaid over the summer. In addition to noting that these provisions are unfair, they can see the potential costs to their own state budgets if they make the decision to ameliorate those cuts.

(Because of pressure from the Congressional leadership, it appears that the NGA will now adopt a policy that is somewhat watered down from earlier drafts.) While we would wish for stronger language, the key fact is that the Governors are now on record expressing concerns about the fairness of these provisions.

Question: *But don't you think that those Governors who care about this issue hurt their case by flip-flopping, and ultimately caving in to the Republican leadership in Congress?*

The National Governors' Association has a long history of bipartisanship that causes them to move very cautiously on many issues. The President understands that group very well, having headed it up when he was Governor of Arkansas. In that context, we believe their new policy on benefits for legal immigrants is very encouraging, even if they did make a last-minute change at the request of the Republican leadership in Congress.

Question: *The President says he is ready to work with Congress to fix the immigrant and food stamp parts of the welfare law, but the Republican leadership says the bill is fine as it is. Even Mr. Gephardt just said the bill shouldn't be changed until we have had a chance to see how it works. Doesn't this mean your proposals will be dead on arrival?*

Answer: We have seen movement from the Governors, on both sides of the aisle, on this issue, even though their final resolution was weakened under pressure from the Congressional leadership. So we are encouraged that people are beginning to see the harm that these provisions could do to hard-working people who came to this country and, through, no fault of their own, became disabled and could no longer support their families.

I know that the President is encouraged also as he starts his second term that we are seeing some real changes in our relationship with the Congress. It appears that we have gotten past some of the unproductive ways of doing business we have had over the past two years, and that we are learning how to work with one another in a far more constructive fashion.

Clearly the Administration and Congress often have different priorities, and our disagreements will not be swept away. Nor should they be, since a healthy debate is part of what the American people are paying us for. But we are looking forward to working with the Congress in a continuing process of give and take, and explaining why our proposals merit their support.

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

Answer: As you know, the President sends his budget to Congress on Thursday, so we will have more to say on that at that time. There are two sets of numbers for welfare reform in the budget: money for the Welfare to Work Initiative and money to improve areas of the welfare law -- in particular, on legal immigrants and food stamps -- that the President has objected to from the beginning.

Question: *What do the Administration propose to do in its welfare to work initiative?*

Answer: The Welfare to Work Initiative is still being designed, but it would help move hard-to-place welfare recipients off of the welfare rolls and into work. The initiative would likely have two parts: 1) a performance-based welfare-to-work jobs challenge to help states and cities create job opportunities for the hardest to employ recipients, and 2) an enhanced and targeted Work Opportunity Tax Credit to provide the private sector with powerful and new financial incentives to hire the hard to place welfare recipients.

Question: *How is the Administration going to move people from welfare to work when there are no jobs?*

Answer: I believe jobs are available and that the welfare rolls will continue to decline. Minimum wage jobs have always been open, but the package of welfare benefits previously available offered more to recipients than a minimum wage job. Now, with increases in the Earned Income Tax Credit, child care subsidies, and other provisions that makes work pay, welfare recipients can afford to take those available minimum wage jobs. Once working, former welfare recipients will gain the employment experience necessary to move up the ladder of work.

But, we will need more jobs -- and jobs that pay more than the minimum wage if we are ensure the success of the new welfare law. The combination of private sector commitments, such as those made by the CEOs with whom I recently met, economic development, tax credits, additional welfare-to-work funds, and a focus on jobs in the growing technology industry will create the new, higher paying jobs we need.

Question: *The welfare law gives the President the choice of how many disabled children to cut off of the SSI program. Has he made this decision yet?*

Answer: The Social Security Administration is now working to implement the new law fairly and effectively. Writing this new standard is an important task since it must be consistent with the Congress's intent to tighten eligibility for this program, and also ensure that severely disabled children retain their benefits, including Medicaid. SSA expects to finish their work shortly.

Drafted: Diana Fortuna, DPC, 6-5570
Cleared: Elena Kagan 6-5584 and Emily Bromberg, 6-2896, Intergovernmental

Welfare Benefits for Legal Immigrants
January 27, 1997

This weekend, Chairman Livingston opened the door to restoring benefits to legal immigrants in an interview with FOX Sunday. This comes on the heels of similar calls by Republican governors.

- We are very encouraged generally by the seriousness with which the outline of the President's budget is being greeted. In that vein, we have also been pleased with the recent comments from several Republican governors, and now from the Chairman of the House Appropriations Committee, opening the door to restoring benefits to some legal immigrants. The President will have more to say about that matter when his budget is released next week. *

Livingston's comments from FOX Sunday follow:

MR. SNOW: Chairman Livingston, let me get your thoughts on two other issues that have hit the news in the last week. Number one is welfare reform. The president says, we ought to pay welfare benefits to legal immigrants. What's wrong with that?

REP. LIVINGSTON: I'm not terribly opposed to that. I think if they're legal immigrants, and they came here with all the expectations and understandings that they wouldn't be on welfare, but they've been hit adversely, then I think that you can make a case to pay those benefits. *

MR. SNOW: So you expect that change to be made in the Welfare Bill?

REP. LIVINGSTON: It depends on how it's phrased. I don't think that we owe any responsibility to people from outside the world that come into this country and automatically go on the dole, no.

MR. SNOW: Second, yesterday the president said that he would like to spend $43 million more on food safety. Do you support that initiative?

REP. LIVINGSTON: I didn't see the president's proposal ...

KMcKiernan, per conversation with Bruce Reed, 6-6515

Welfare
1-10-97

WELFARE Q & A
January 10, 1997

Q: Why is the President holding this meeting today?

This is an opportunity for the President to sit down for a working session with major leaders from the private sector, people who share the President's commitment to making welfare reform a success. The people at this meeting understand that the solutions to welfare reform are going to come from a variety of sources -- not just government, but from the private sector as well. If we're going to break the cycle of dependency on welfare benefits, we have to rely on many people to provide help, including the private sector.

Q: How were the participants selected?

The President on several occasions over the past year has called on the private sector to get involved in the welfare to work effort. Some of the CEOS invited to the White House today approached us in response to the President's calls, others were identified by our staff who keep in contact with the business community for the efforts they already had underway. [FYI -- Those coming today are not part of an organized group.]

Q: How can you guarantee that the jobs going to welfare recipients aren't displacing hard working Americans already in the labor market?

A: This is an issue we are, of course, are very sensitive to. As the President and his staff structured the welfare law, they made sure to include in the law strong non-displacement language so that no existing employee would be displaced by a welfare recipient. The President and his staff worked with union heads to draft this language and we think and we think it is good.

And, as you all know, we have had a tremendous surge in job growth, as the President announced this morning. Welfare recipients are moving into either newly created jobs or vacant positions. With today's CEO meeting, we will only see more of that.

Q: How involved will the White House be in this private sector effort?

We will continue work with those organizations, the CEOs with whom the President is meeting, additional CEOs recruited as a result of today's meeting, as well others who express an interest in working with us. The President will use the bully pulpit to move this effort forward, and we will help in all ways possible to make this a success..

Q: Does the White House hire welfare recipients?

The White House does not currently have a formal program to hire welfare recipients. However, this is, of course, a great idea and we are currently reviewing how we would put such a program in place.

Q: How will you monitor welfare reform as it unfolds so people won't fall through the cracks?

In a recent radio address, the President noted that since he has taken office the welfare rolls have been reduced by 2.1 million, due to the steps taken by his Administration and helped by the growing economy. There are specific measures taken of employment opportunities and, of course, we'll get data on state-by-state welfare caseloads and what's happening to the welfare-dependent population as they go through the next several years of change in the welfare system. So we're monitoring that very carefully through ongoing data collection that the government maintains related to employment, income and poverty.

[If pressed] there will be some people who, even through their best efforts, may not be able to find jobs. That is why the President made sure the welfare bill he signed contained a good cause exemption for up to 20 percent of the welfare caseload.

Q: Will the President ask the CEOs to support the proposal he announced last August at the convention?

The President is going to concentrate this session more on the implementation of welfare reform. We've got some fixes that we need on other subjects, but, frankly, they're not related to the central challenge here, which is to make this transition from welfare dependency to work successful. And that's about providing jobs to move welfare recipients off of welfare dependency and into employment.

The details of the jobs challenge proposal the President announced during his speech at the Democratic convention are being fleshed out now by staff. [Tax incentives for businesses who hire welfare recipients are one part of that proposal. The proposal also mentioned a welfare to work job creation fund as well as an expansion of the Community Development Financial Institutions Fund.]

Q: <u>What federal resources have been promised to date for this effort?</u>

During his convention speech last August, President Clinton announced that his Administration would begin work on welfare-to-work jobs challenge -- a three-pronged $3.4 billion initiative to create job opportunities for the hardest-to-employ recipients. The initiative is fully paid for with the elimination of corporate subsidies.

The components of the plan, the details of which will be in the upcoming budget could be expected to include a targeted welfare to work tax credit, building off of the Work Opportunity Tax Credit, a tax credit to businesses that hire welfare recipients; tax incentives to increase investment in distressed areas, including investments in community banks, and a local welfare-to-work job creation fund that would harness the creativity of communities and build on the new welfare law to find and create private sector jobs for welfare recipients. Already, as a result of the welfare reform bill states can allow welfare benefits and food stamps to subsidize employment opportunities for welfare recipients.

Drafted and Cleared: KMcKiernan and Lyn Hogan, DPC, 6-5567

PRESIDENT CLINTON MEETS WITH CEOS FOR SESSION ON MOVING AMERICANS FROM WELFARE TO WORK

January 10, 1997

President Clinton today will hold a working discussion with 11 CEOs from large and small corporations who share the President's commitment to making welfare reform a success. Among the business leaders attending today's session are the CEOs from United Airlines, Burger King and UPS, as well as a small business owner from Chicago, Illinois, Rachel Hubka, who put many poor residents in her community to work when she launched her own bus company. A full list of the CEOs expected to attend is attached, as is information on the welfare to work efforts they have undertaken or plan to put in place.

As President Clinton has said, there is a large and varied role for corporations to play in the welfare to work effort. Some of the companies attending today's session invested directly in their poor communities by starting a business that created jobs. Others are using their leadership and profits to fund educational and welfare to work efforts in their communities. Still others are exploring ways to either directly train and hire welfare recipients or to place welfare recipients in existing jobs, and to offer needed transitional supports including child care, health care and transportation.

Today's session will allow the President to hear from leaders in the private sector about what they have done and about what the government can do to support their efforts.

Working with the Private Sector:

Last August as part of the welfare reform signing ceremony, and again at the Democratic Convention, President Clinton challenged the private sector to play a role in moving welfare recipients to work. At the convention, he said: "Every business person in America who has ever complained about the failure of the welfare system [should] try to hire somebody off welfare, and try hard."

In September, the President traveled to Kansas City, MO, to praise the welfare-to-work efforts of the Kansas City Full Employment Council and to acknowledge the efforts of two CEOs, Bill Esery of Sprint and Robert Shapiro of Monsanto, for stepping forward and embracing his challenge. Since the Kansas City visit, the number of companies who want to meet the President's challenge has grown to include more than 100.

Today's meeting also follows up on the President's challenge to business leaders on October 7 in Stamford, Connecticut, when he again urged the private sector to help put those on welfare to work.

(more)

That day in Stamford, the President said:

"And this new system, if we do it right, gives us the chance to do what we should have done all along, which is to take poverty out of politics and turn welfare into not just a state-based, but a community-based program where people are dealt with as people ....

The welfare reform bill was just the first step. We now have to figure out how to reform welfare. That's very different than passing a bill. We actually have to go out and do it...

I am very gratified that every person here, every one of these executives has promised to do what they can to help us meet this national challenge. I thank you for that. And I want you to help me get more executives, more businesses in every community in the country to do it."

Following are summaries of the efforts and ideas of the 11 companies whose CEOs are attending today's session with the President. Also expected to join the President for today's discussion are Treasury Secretary Rubin, Commerce Secretary Kantor, Labor Secretary Reich, Health and Human Services Secretary Shalala and other administration officials.

Mike R. Bowlin
Chairman and
Chief Executive Officer
ARCO
Los Angeles, CA

ARCO is located in downtown Los Angeles. Through the ARCO Foundation, ARCO has sought to improve educational and employment opportunities in the LA urban core. ARCO invests in education and inner-city revitalization through grants that have supported literacy and math programs, training programs for inner city residents, and entrepreneurship programs for low-income women.

Barbara Turner
President
Boscart Construction
Washington, D.C.

Turner has been working closely with people on welfare for several years. Boscart Construction has sponsored several memberships for people on welfare in the Carpenters District Council Union Apprenticeship Program. For those who are not ready to join the union, Turner offers an internal program that has her journey level trade employees working side by side with welfare recipients, teaching them the skills they will need to obtain employment in the construction industry. Through her efforts, Turner has enabled more than twenty-five people to go from welfare-to-work.

Robert Lowes
CEO
Burger King
Miami, FL

Since 1989, Burger King has been helping children from disadvantaged families stay in school through Burger King drop-out prevention programs. Since its inception, this program has served 9,000 children, approximately 45 percent of whom were from families receiving AFDC.

Now, Burger King would like to expand its efforts with welfare families by helping recipients overcome the obstacles that prevent them from becoming productive members of the workforce. Burger King would like to pursue three strategies: First, Burger King is considering sponsoring community training and job readiness efforts. Second, Burger King is exploring partnerships with local child care and transportation providers to offer welfare recipients these services. Finally, Burger King would like to explore opportunities for welfare recipients to move up the career ladder once employed.

Carolyn Stradley
President
C&S Paving
Marietta, GA

Carolyn co-founded a program called the "Georgia Womens Business Initiative." The program was established in conjunction with Kennesaw College and is devoted to educating, training and emotionally preparing "high-risk" women for employment. The program's focus is to teach these women the skills to become employable and teach them the skills that will ultimately make them employers. This program helps women on welfare, in prison, single mothers and women in corporate America who want to go into business for themselves.

Stradley's dedication to empowering disadvantaged women stems from her own life experiences. At age eleven, she became an orphan. During her teenage years she was homeless and supported herself by working odd jobs while also attending high school. During her late teens she became involved with asphalt contracting work. In 1979 she left the company she was with, obtained a loan from the bank to purchase a dump truck and began her own asphalt construction business. Today she is the President of her own company which has annual revenues of over 5 million dollars. Carolyn's company paved the Olympic Track in Atlanta and the Georgia Dome.

Elliot F. Gerson
President
ETC w/CareerTrack
Boulder, CO
Washington, D.C.

ETC, the education, training and communications lifelong learning company and subsidiary of Tele-Communications, Inc. recently joined forces with CareerTrack, an established leader in personal and professional development training. Now called ETC w/CareerTrack, the company plans to build on CareerTrack's record of training more than 750,000 people per year in 900 seminars in more than 500 cities over four continents. Plans call for an expansion of the ETC product line and client-customized training programs as well as new delivery systems, including cable, satellite, corporate Intranets, and the World Wide Web, making them available anytime, anywhere. ETC w/Career Track works with Fortune 500 companies and believes that they can facilitate recruiting many of them into this effort.

Mitchell Fromstein
Manpower
Milwaukee, WI

Manpower is a successful job placement agency with over 1200 offices around the country. Most Manpower offices currently conduct business in the suburbs. However, while there are jobs in the suburbs, Manpower has a severe shortage of people for those jobs. As a result, Manpower began opening branches in the inner-city and because they have met with success, are seriously considering a significant expansion in urban areas.

Manpower's business volume is not orders from customers, but is recruiting those who are job ready. If recruits lack specific job skills, Manpower will train them. However, Manpower does not provide basic education. People applying for placement through Manpower must be functionally literate as determined during the intake process, though a GED or high school degree is not required. Recruits are employees of Manpower until they are hired full time by an employer. Recruits are paid by Manpower while they are in temporary jobs, so both the employee and employer can assess each other. If there is a match, the recruit leaves Manpower for the new employer. About 40 percent of temporary workers end up in full-time permanent jobs. Manpower is paid only by the employer and will not take money from the recruit, including converted welfare benefits.

Robert Shapiro
Chairman & CEO
Monsanto
St. Louis, MO

In response to your welfare-to-work challenge to CEOs, Robert Shapiro and Monsanto have designed a four-city welfare to work pilot program. The pilot sites will be St. Louis, MO, Chicago, IL, Pensacola, FL, and Greenwood, SC. Monsanto believes it can offer welfare recipients clerical and support job opportunities, and can influence their contractors, vendors and suppliers to hire welfare recipients. Further, Monsanto will work with community organizations, offering leadership and donating supplies to help make community-based welfare-to-work efforts a success.

By November 1997, Monsanto expects to have identified and begun partnerships with 1-2 major contractors and 1-2 community organizations in each location. By April, they hope to find about 50 welfare recipients jobs. Monsanto would then evaluate its success and expand if successful.

Charles Martin
CEO
OrNda
Nashville, TN

OrNda is the second largest hospital corporation in the country with about 9 billion in revenues. OrNda would like to be a leader in the effort to employ people off of long term welfare. OrNda believes it can be a leader in this effort for two reasons: 1) OrNda hospitals are located primarily in inner cities, and 2) hospitals employ hundreds of people in entry level positions. OrNda would like to use its George Washington University Hospital, which they purchased in November of 1996, as a pilot for its efforts.

Rachel Hubka
CEO
Rachel's Bus Company
Chicago, IL

After taking a lien on her home, Rachel Hubka started Rachel's Bus Company in North Lawndale, one of Chicago's poorest neighborhoods. As she began to recruit drivers for her new company, despite high unemployment in the area, she could not find enough applicants who could meet the strict regulatory criteria for school bus drivers. As a consequence, Rachel's Bus Company began offering a free, comprehensive training program to drivers with no experience. The training program guides drivers through the entire screening and licensing process. It also demands a strict work culture based on pride and professionalism, including a dress code. Additionally, she offers employees financial performance incentives, and advancement opportunities into company management.

Rachel's Bus Company has been in Chicago for over six years and employs 100 drivers, most from the surrounding neighborhood.

Bill Esery
Chairman & CEO
Sprint
Kansas City, MO

Sprint began hiring people off of welfare in its headquarters in Kansas City through the Kansas City Full Employment Council -- a one stop shop offering GED training, basic job training, job placement and the like.

Last September, Sprint also donated an 800 number so that any employer in America can call to find out what he or she can do to help move people from welfare to work in their own communities. The White House is working with various non-profit organizations to staff a central phone bank for the toll free number, as well as with the National Governors Association to determine the best method of getting updated information on the various state programs.

Ben Cammarata
President & CEO
T.J.X. Company
Framingham, MA

TJX is the world's largest off-price apparel retailer with 596 T.J. Maxx stores and 466 Marshalls stores.

TJX has set up a working group to develop a program that will hire people directly from welfare. By the year 2000, Mr. Cammarata believes his company will have moved at least 5,000 people from welfare to work. T.J.X. hopes to set up pilot programs in Lynn, MA, Boston, MA and Charlotte, NC. They recognize that the issues they must address include: assimilation, transportation, child care, health care, and economic supplements.

Gerald Greenwald
CEO
UAL Corporation
Chicago, IL

Gerald Greenwald is committed to taking a leadership role in encouraging corporations to meet the President's challenge to provide employment opportunities for people on welfare. UAL will undertake its own internal study to try to develop a program that will meet this challenge.

Jim Kelly
Chairman & CEO
UPS
Atlanta, GA

UPS employs 290,000 domestic workers and is the largest employer of the teamsters in the nation. UPS has the highest paid workers in the transportation industry and is one of the largest employers of part-time workers, most of whom qualify for a health benefit package.

UPS is committed to employing workers both on welfare and at risk of ending up on welfare and is doing so through several avenues.

1) Through the 1994 School to Work Opportunities Act, UPS partnered with five colleges and local high school systems to help high risk students stay in school. As an incentive to stay in school, UPS offers students flexible, part-time jobs at $8.00/hr with benefits along with the opportunity to earn community college credits without leaving the work site. UPS has initiated similar programs in Chicago and Kentucky and plans to expand to nine additional locations.

2) UPS became a member of the Student Work Consortium (SWC), a student recruitment program developed by the University of Texas and employers across the Dallas-Forth Worth area. Because the SWC was expanded to welfare recipients, UPS is providing part-time job opportunities with good wages and benefits to welfare recipients.

3) UPS aggressively and successfully uses the Targeted Jobs Tax Credit (TJTC). Over the past seven years, UPS has hired 25,655 TJTC qualified employees. UPS will continue its TJTC involvement through the Work Opportunity Tax Credit.

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Welfare
1-9-97

Welfare/CEOs event
January 9, 1997

Friday at 10 am the President will meet for a working session in the Cabinet Room with 11 CEOS from large and small corporations who have committed to answer his challenge to help put welfare recipients to work. Among the business leaders attending the session are the CEOs from United Airlines, Sprint and Monsanto, as well as a small business owner from Chicago, Illinois, Rachel Hubka, who put many poor residents in her community to work when she launched her own bus company. <u>A full list of the CEOs expected to attend is attached, as is information on the welfare to work efforts they have undertaken or plan to put in place</u>.

<u>Points:</u>

- Mike -- The news tomorrow, which he will comment on at this event, is expected to be unemployment numbers (which they expect to drop).

- On welfare, this is a working session on mobilizing the private sector to help move people from welfare to work, which follows up on the President's challenge to business leaders on October 7 in Stamford, CT. The business leaders will present the President with examples of what they are doing that is working and talk with him about what the government can do to support the private sector in this effort.

  As President Clinton has said, there is a large and varied role for corporations to play in the welfare to work effort. Some of the companies attending today's session invested directly in their poor communities by starting a business that created jobs. Others are using their leadership and profits to fund educational and welfare to work efforts in their communities. Still others are exploring ways to either directly train and hire welfare recipients or to place welfare recipients in existing jobs, and to offer needed transitional supports including child care, health care and transportation.

- As the President has said, the government cannot hire every welfare recipient. If welfare reform is to work, the private sector must do its part as well.

- President Clinton was proposed two initiatives to help the private sector to do its part: offering a tax credit to businesses that hire welfare recipients (which will be part of the President's upcoming budget) and through welfare reform, states can now turn over welfare checks to businesses that will hire somebody off welfare. [How will this work? The business will have to pay the new worker a minimum income that's over the minimum wage and in return, they'll get the welfare check. If you assume the welfare check is worth $2.50 an hour, that's the business' premium for training people, for finding out what their problems are, for helping make sure their kids are going to be all right, for dealing with all of those things, and maybe dealing with somebody who has never been in the work force before.]

Drafted: Kathy McKiernan
Cleared: