

TANF Annual Report

THIRD ANNUAL REPORT TO CONGRESS

Introduction and Executive Summary

On August 22, 1996, President Clinton signed the bipartisan welfare reform plan that is dramatically changing the nation's welfare system. The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 replaced the old welfare system (AFDC) with Temporary Assistance for Needy Families (TANF), to focus on work and responsibility and to provide States with flexibility to create the best approaches for their individual circumstances. Even before the Personal Responsibility Act became law, many States were well on their way to changing their welfare programs into jobs programs. By granting Federal waivers, the Clinton Administration allowed 43 States -- more than all previous Administrations combined -- to require work, time limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility.

These strategies of requiring work and responsibility and rewarding families who have gone to work are paying off. Since welfare reform there has been a dramatic increase in work participation (including employment, community service, and work experience) among welfare recipients. The percentage of recipients who were working reached an all-time high, 33 percent, compared to less than 7 percent in 1992 and 11 percent in 1996.

This report compiles emerging data about welfare caseloads, family employment and earnings, marriage and two-parent families, out-of-wedlock births, and State policy choices, to give a picture of these first four years of welfare reform. Below are some more extensive highlights describing the information available to date as well as the research underway to learn more.

EMPLOYMENT AND EARNINGS OF NEEDY FAMILIES

There has been a dramatic increase in employment of current welfare recipients. A key measure of the success of welfare reform is its effect on employment. Analysis of all available sources of information shows that the employment rate of current and former TANF recipients has increased significantly.

The percentage of working recipients reached an all-time high in FY99 at 33 percent, compared to less than 7 percent in 1992 and 11 percent in 1996. Thus, over one in three recipients was working in a typical month, the highest level ever recorded and nearly a fivefold increase since 1992. The vast majority of recipients who were working were in paid employment (28% of the total or 85 percent of those working); others were engaged in work experience and community service.

All States met the all-families participation rate standard in FY99, as did the District of Columbia and Puerto Rico. The national participation rate for all families increased to 38.3 percent for FY 1999 from 35.3 percent in FY 1998, even while caseloads continued to decline by 18 percent over the same period.

Of the thirty-six States, the District of Columbia, and Guam that had two-parent family programs subject to a work participation rate, twenty-eight met the FY 1999 two-parent participation standard.

The national rate for two-parent families increased to 54.7 percent in FY 1999 up from 42.4 percent in FY 1998.

TANF administrative data just for welfare recipients who remain on the rolls indicate that the average monthly earnings of those employed increased. Earnings increased from about \$466 per month in FY 1996 to \$533 in 1998 and \$598 in FY 1999, increases of 19 and 28 percent respectively.

Although welfare reform is having a positive effect, early data tell an earnings story somewhat more complicated than the employment story. Studies of welfare reform in Connecticut and Minnesota suggest that those programs achieved annual earnings gains in the range of \$700-\$800 for long-term recipients. However, both programs had no effect on the earnings of recent applicants who were likely to earn more than long-term recipients. The Urban Institute has found the average earnings of those who have left welfare are well above minimum wage – with studies showing hourly wages of \$6.60 - \$6.80.

MAKING WORK PAY

New research illustrates that a strong commitment to augmenting programs that strongly push parents to work with well-implemented approaches to making work pay can succeed in producing a broad range of improved outcomes for families and children. In general, research on the impacts of welfare reform on family income, food security and hunger, health insurance status, child outcomes, and other family experiences is not providing a definitive picture at this point. However, preliminary reports are promising. The first systematic and rigorous findings on these issues have just been released in an evaluation of a pilot program, the Minnesota Family Investment Plan (MFIP), on which the State's TANF program is based. MFIP produced increased income across a broad range of families. It also produced other consistently positive effects, especially for families headed by long-term recipients, including a reduction in children's behavior problems, and an increase in children's attachment to, and performance in, school. In addition, it dramatically reduced the incidence of domestic violence, a finding that has never been observed in any other rigorously evaluated welfare program. It also increased families' access to child care and health insurance. Finally, it significantly increased the proportion of children living in two-parent families.

TRENDS IN EXPENDITURES AND CASELOADS

States are making significant new investments in the TANF program. The total TANF expenditures (combined Federal funds and State MOE funds) for FY 1999 were \$22.6 billion, the same as last year. This level spending seems to indicate that States are making significant new investments in work supports for TANF recipients, since welfare caseloads were declining over the same period and the associated spending on cash assistance was also going down. In FY 1999 the total spending on cash assistance was \$13.4 billion compared to \$14.6 billion in FY 1998. Total spending on work activities increased 17 % over the \$1.5 billion spent in FY 1998. In FY 1998 States spent \$1.259 billion of Federal and State funds on child care. In FY 1999 they spent \$1.98 billion. By the end of FY 1999 States have expended, transferred or obligated 95% of their TANF funds for fiscal years 1997 – 1999.

There continue to be dramatic declines in welfare caseloads. Overall, the welfare caseload has fallen by 7.8 million recipients, from 14.1 million recipients in January 1993 to 6.3 million in December 1999, a drop of 56 percent since President Clinton took office. This is the largest welfare caseload decline in history and the lowest percentage of the population on welfare since 1965. Caseloads have fallen 49 percent since the enactment of the welfare reform law – 73.2 percent of the entire decline has occurred since August 1996. The percentage of the population on welfare has fallen by nearly half since 1993, dropping from 5.5 percent in FY1993 to 2.3 percent in December 1999. An August 1999 report by the Council of Economic Advisers (CEA) found that the implementation of welfare reform is the single most important factor contributing to the widespread and continuous caseload declines from 1996 to 1998. CEA estimates that the program changes implemented as a result of welfare reform account for

approximately one-third of the caseload reduction from 1996 to 1998. The strong economy has also played an important role, accounting for approximately 10 percent of the decline between 1996 and 1998.

<i>Fiscal years</i>	<i>Estimated U.S. Population (000's)</i>	<i>AFDC/TANF Recipients</i>	<i>Percent of U.S. Population</i>
1992	254,462	13,625,342	5.4
1993	257,379	14,142,710	5.5
1994	259,935	14,225,651	5.5
1995	262,392	13,660,192	5.2
1996	264,827	12,644,915	4.8
1997	267,346	10,823,002	4.0
1998	269,845	8,778,815	3.3
1999	272,286	7,187,753	2.6
December 1999	274,076	6,274,555	2.3

HIGH PERFORMANCE BONUS

Twenty-seven States were awarded the FY 1999 high performance bonuses. The overall national results were very impressive. Based on the data from the 46 States that competed for the bonus, more than 1.3 million adults on welfare went to work between October 1, 1997, and September 30, 1998. Retention rates were also promising: 80 percent of those who had jobs were still working in the subsequent three month period. The States also reported an average earnings increase of 23 percent for current and former welfare recipients from \$2,088 in the first quarter of employment to \$2,571 in the third quarter.

FORMATION OF TWO-PARENT FAMILIES

The recently released final report on the Minnesota Family Investment Plan (MFIP) evaluation has produced the first clear evidence of how a welfare reform strategy can have substantial positive effects on the maintenance and formation of two-parent families. MFIP, which combined strong work requirements for long-term recipients plus generous financial work incentives, increased both the formation and maintenance of two-parent families. Three years after entering the program, almost 11 percent of single parents who were long-term recipients were married compared to 7 percent of a control group who received AFDC. Even more dramatically, 67 percent of two-parent families who entered MFIP were married at the end of three years compared to 49 percent of the AFDC control group, a 38-percent increase.

OUT-OF-WEDLOCK BIRTHS

Five States were awarded bonuses to reward reduction in out-of-wedlock births. On September 13, 1999, DHHS Secretary Shalala announced the award of \$100 million in new bonuses to five awardees for achieving the nation's largest decreases in out-of-wedlock births between 1994 and 1997. The awardees were Alabama, California, the District of Columbia, Massachusetts, and Michigan. Each jurisdiction received \$20 million.

During the 1991-1998 period, teenage birth rates fell in all States and the District of Columbia and the Virgin Islands. Nationally, teen birth rates continued an eight year decline, falling 20 percent from 1991 to 1999 to the lowest levels on record. Declines in the teen birth rate are seen among younger and older teens, married and unmarried teens, all States and all racial and ethnic groups.

The Office of Child Support Enforcement has a preliminary total of 1.5 million paternities established and acknowledged for fiscal year 1999. This is triple the number in 1992 and reflects the same total as reported in fiscal year 1998. The numbers may appear stable due to the new reporting requirements.

INCOME AND CHILD POVERTY

Child poverty has declined from 22.7 percent in 1993 to 18.9 percent in 1998 -- the biggest five-year drop in nearly 30 years. The poverty rate for female-headed families with children has declined from 41.5 percent in 1995 to 38.7 percent in 1998, the most recent year available. This is an all-time low. And the overall poverty rate has also fallen from 15.1 percent in 1993 to 12.7 percent in 1998 -- that's the lowest poverty rate since 1979 and the largest five-year drop in poverty in nearly 30 years.

DEMOGRAPHIC AND FINANCIAL CHARACTERISTICS OF FAMILIES RECEIVING ASSISTANCE

Examining demographic trends over the decade suggests that certain aspects of the caseload have been changing and that most of these changes were larger since 1996. The caseload is now made up of a greater proportion of minorities (most of this mirrors the growing proportion of the overall population that is Hispanic), somewhat older parents with somewhat older children, and a substantially higher proportion of cases where no adult receives assistance. A new report by the Brookings Institution tracks welfare caseloads in the 89 counties that contain the 100 largest U.S. cities. It finds that, over the last five years, welfare caseloads have become predominantly urban. In 1994, when national welfare rolls hit a historic high, 48 percent of welfare recipients lived in the 89 counties. By contrast, in 1999, these counties were home to 58 percent of the nation's welfare recipients.

The average number of persons in TANF families was 2.8 persons. The TANF families averaged 2 recipient children, which remained unchanged. Forty percent of TANF families had only one child. Ten percent had more than three children.

About 29 percent of TANF families had no adult recipients, up about 6 percentage points for the 49 States that reported child-only cases for the October 1997 – September 1998 period. Two-thirds of TANF families had only one adult recipient, and five percent included two or more adult recipients. Fifteen States did not include two-parent family cases in the TANF data reporting system because they placed two-parent families in separate State programs. Between FY 1998 and FY 1999 the number of child-only cases increased, the first such increase since FY 1996.

Ninety eight percent of TANF families received cash and cash equivalents assistance with a monthly average amount of \$357 under the State TANF program. Of such TANF families, 81 percent received

Food Stamp assistance, which is consistent with previous levels. Also, almost every TANF family was enrolled in medical assistance under an approved State Medicaid plan.

STATE POLICY CHOICES

States are promoting work in their TANF programs through a combination of requirements, incentives, and other policy changes. Under the TANF program, parents or caretakers receiving assistance must engage in work (as defined by the State) within 24 months or less at the State's option. Twenty-eight States require families to begin participating immediately, and 9 other States require participation within 6 months of receipt of cash assistance. Twenty-two States have either no exemption for parents with infants or an exemption that is substantially shorter than the one-year period provided for under Federal law (i.e., 3, 4, or 6 months). In addition, every State has adopted the option to develop Individual Responsibility Plans for recipients.

States have also made a number of policy changes that help to make work pay. The majority of States have changed their policies on the treatment of recipient earnings, by expanding the amount of earnings recipients can keep and/or the period for which earnings disregards are available. Also, the majority of States (33) have removed the additional categorical eligibility requirements that applied to two-parent families under prior law; these changes make it easier for two-parent families to retain benefits when they go to work. Here, we note that many States have focused their benefit expansions on working families; few States have substantially raised their maximum benefit levels (i.e., the amount paid to families with no countable income).

Every State has raised its vehicle asset limit, making it easier for families to own a car that is reliable and can get them to work. In addition, most States have raised their general resource limits. For example, 21 States raised the general resource limit for both applicants and recipients to \$2000. More generally, 40 States raised the general resource limit for both applicants and recipients, 4 States raised the resource limit for recipients only, and Ohio no longer has a specified resource limit. Thirty-one States took the option to expand categorical eligibility for food stamps, allowing them to apply more generous TANF asset limits to the Food Stamps program as well. In addition, 30 States have implemented Individual Development Account programs that enable individuals to accrue assets for specified purposes such as purchasing a house or post-secondary education. Several States also allow these accounts to be used to save for a car.

State policies to limit the time that families may receive TANF assistance vary. Currently, 38 States apply a 60-month lifetime time limit; 4 States have a 24-month or shorter lifetime limit (1 of which continues benefits to the children), 3 States have a general 36-month or 48-month lifetime limit. Three States are continuing waivers and do not currently apply a lifetime limit and a few non-waiver States also indicate that they intend to provide benefits beyond 60 months (e.g., by using State funds).

Thirteen States have "intermittent" time limits that deny (or reduce) benefits for a period of time for families that have accrued a certain number of months of assistance. These policies take one of two forms. Some States restrict the number of months a family can accrue during a fixed period of time (e.g., 24 months in a 60-month period). Others make the family ineligible for a fixed number of months once it has accrued a certain number of months of assistance (e.g., a family is ineligible for 12 months once it has accrued 24 months).

Most States provide exemptions to their State time limits that "stop the clock" for categories of families that are not exempt under the Federal statute. The most common State exemptions include: families that have adults or children with disabilities; victims of domestic violence; families with an elderly head of household; and families in which the adult is caring for a small child.

Among the families that most typically receive extensions of their time limits under State policies are: victims of domestic violence, families with adults or children with disabilities, and families that have made a good faith effort to become self-sufficient.

Most State TANF programs have implemented office procedures to assess or screen individuals for barriers to employment such as domestic violence, learning disabilities, physical disabilities, alcohol dependence, drug dependence, depression, and other mental health issues. Thirty-seven States assess or screen for at least four of these barriers. Twenty-four States offer intensive services targeted to meet at least four of these barriers. One State leaves both matters to county discretion.

Most States are offering up-front payments or services to divert families from entering the welfare rolls. To date, 34 States have opted to offer diversion payments or services to families applying for TANF benefits. Most of these States provide lump-sum payments designed to address emergencies and keep families from coming on assistance. States typically restrict such payments to families who agree not to seek additional assistance for a specified period of time. In other States, the diversion program includes job search and related services designed to help the family go directly to work.

The majority of States have certified that they have adopted the "Family Violence Option" to screen and identify victims of domestic violence, refer them to counseling and supportive services, and provide appropriate waivers of program requirements. To date, 38 States have certified that they adopted this provision to assist victims of domestic violence. All other States are providing related services for victims of domestic violence, but have not yet adopted the Family Violence Option.

A number of States have taken steps to devolve program responsibilities to the counties. However, most State programs are still State-administered, and most States have uniform Statewide provisions on matters such as eligibility standards, benefit amounts, and available services.

States are engaging in forums to share information and lessons learned. The Department has sponsored a variety of forums to support these efforts. For example, the Welfare Peer Technical Assistance Network Project gives States an opportunity to link up and share information, as well as to cross-train each other on emerging best practices. Activities sponsored in 1999 covered subject areas such as culture change, diversion, transportation, one-stop centers, service integration, substance abuse, rural partnership building and economic development, and job retention.

CHILD SUPPORT

In 1999, nearly 16 billion was collected for children by the child support enforcement program, an increase of 10 percent from 1998, and double the amount collected in 1992; the federal government collected a record \$1.3 billion in overdue child support from federal tax refunds alone. A new program to match delinquent parents with financial records found nearly 900,000 accounts since August 1999 with a total value of about \$3 billion. Nearly 1.5 million men acknowledged paternity in 1998, an increase of 12 percent in one year alone and three times as many as in 1992. The Passport Denial Program has collected more than \$4 million in lump sum child support payments, and is currently denying 30 to 40 passports to delinquent parents per day in an effort to collect financial support for their children.

Of the \$3 billion authorized under the Department of Labor's WtW program, about \$350 million has been invested in projects to help unemployed or underemployed non-custodial parents find and keep jobs and increase their earnings. In addition, some States, including California and Idaho, use TANF funds for services to this population. The Clinton-Gore Administration's FY 2001 budget proposes \$255 million for the first year of a new "Fathers Work/Families Win" initiative to promote responsible fatherhood and support working families, critical next steps in reforming welfare and reducing child poverty. These competitive grants will help at least 40,000 low-income fathers and 40,000 low-income working families work and support their children.

TRIBAL TANF

By September 1999, Tribal TANF programs were serving approximately four thousand families per month. About 40,000 American Indian families were also served by State governments in Fiscal Year 1999. Some Tribes also operate Native Employment Works (NEW) programs either independently or in conjunction with their TANF programs. Currently, there are 24 approved Tribal TANF plans, with some of them from multi-Tribe consortia.

CHILD CARE

In FY 1999, States transferred a total of \$2.43 billion of Federal funds from the TANF program to the Child Care Development Fund (CCDF), which is nearly triple the \$914 million transferred in all of FY 1998. In addition, direct State spending through the TANF program on child care services totaled \$1.98 billion. The combined amount from transfers and direct TANF program spending on child care was \$4.41 billion. Eleven percent of FY 1999 TANF funds were transferred to the child care block grant.

Despite our investments in child care (including an additional \$4 billion over 6 years for child care in the welfare reform law), there is still a large unmet need. Recent data show that States across the country are serving only a small percentage of eligible families and report extensive waiting lists and unmet need. *Access to Child Care for Low-Income Working Families*, a study issued by HHS in October 1999, indicates that in an average month in FY 1998, only 10% of the 14.8 million children eligible for child care subsidies under Federal regulations received such assistance through the Child Care Development Fund. One analysis, *Child Care After Leaving Welfare: Early Evidence from State Studies*, finds that 50 to 70% of families who have left welfare are now working, but that only about 30% are receiving assistance in paying for child care.

RESEARCH AGENDA

HHS is committed to ensuring that the nation has the answers to major questions regarding welfare reform. These questions can only be answered through rigorous and systematic studies. HHS's welfare reform research agenda has two broad goals: to increase the probability of success of welfare reform by providing timely, reliable data to inform policy and program design, especially at the State and local level where decision making has devolved; and to inform the nation of policies chosen and their effects on children, families, communities and social well-being.

Executive Summary

Spurred on by the passage of the landmark welfare reform legislation -- the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 -- States have made tremendous progress toward the critical goal of moving families from welfare to work. More families are entering employment, earnings are up, and caseloads are down.

The Temporary Assistance for Needy Families (TANF) program has given States new opportunities to develop and implement creative and innovative strategies and approaches to remove families from a cycle of dependency on public assistance and into work. For example, many are turning welfare offices into comprehensive service centers focused on work or changing policies so that work pays.

However, in spite of some dramatic results, there are still individuals not working or in entry-level jobs, with incomes that are too low or too erratic to raise their families above poverty. Under TANF, States have the flexibility and resources to develop programs that reach all families, promote success at work, and convert welfare offices into job centers. The task of welfare reform is far from finished. We encourage States to take the critical next steps to ensure that all families get the essential supports they need to get a job, succeed at work, and move out of poverty. Some important areas for States and communities to address include:

- Ensuring that families have sufficient food, medical coverage, quality, affordable child care, and reliable transportation that enables them to work;

- Ensuring that custodial parents receive child support from noncustodial parents so they may pay their bills and adequately provide for their children;

- Focusing on educational and training opportunities that improve wages and working conditions for low-income families;

- Crafting services for families with special needs or multiple employment barriers that appropriately and effectively address their needs; and

- Developing collaborative linkages among employers, local leaders and organizations, and faith-based and nonprofit community groups so as to combine their resources and talents to create jobs, support work, and make low-income neighborhoods more viable.

The TANF program provides extraordinary flexibility for funding a wide variety of employment and training activities, supportive services, and benefits that will enable clients to get a job, keep a job, and improve their economic circumstances. TANF funds are much more flexible than funds under the prior entitlement programs. So States should start with the assumption that they may use these funds in innovative ways to achieve the critical goals laid out in the TANF statute.

As a general rule, States (or local governments and other agencies where decision-making has devolved from the State agency) must use the available funds for eligible, needy families with a child

and for one of the four purposes of the TANF program:

1. To provide assistance to needy families;
2. To end dependence of needy parents by promoting job preparation, work and marriage;
3. To prevent and reduce out-of-wedlock pregnancies; and
4. To encourage the formation and maintenance of two-parent families.

States must use objective criteria for determining eligibility and benefits. However, they may decide the income and resource standards that they will use to determine eligibility, and they may set different financial eligibility criteria for different benefits or services. (For example, they could limit eligibility for cash assistance to families living below poverty, but provide supportive services like child care and transportation to working families with incomes up to 185% of poverty.) Further, since individuals do not have an entitlement to TANF benefits, States may elect to target benefits to families with incomes below their established eligibility guidelines.

States fund their TANF programs with a combination of Federal and State funds. While both are very flexible, the two sources of funds entail somewhat different rules and restrictions.

Federal TANF Funds. If States use Federal funds provided through their TANF block grants to provide "assistance," recipients are subject to work and participation requirements, a five-year time limit on Federal assistance, data reporting, and certain prohibitions. But these restrictions do not generally apply to other services and benefits that are not "assistance." Also, States have broad discretion to provide a wide range of benefits and services and to set different eligibility standards for the different types of benefits.

State "maintenance-of-effort" (MOE) funds. States must spend 80% of their historic level of spending (FY 1994) -- or 75% if they meet work participation requirements -- on "qualified State expenditures" to meet the basic MOE requirement. All MOE funds must be spent on TANF eligible families.

This guide suggests some of the many flexible ways States may expend their Federal TANF and State MOE funds to further the purposes of the TANF program. These examples are by no means exhaustive. They merely serve to illustrate a few of the possibilities that State and local agencies, State legislators, communities, community-based organizations, and advocates may consider when designing an array of benefits, services, and supports that will accomplish one of the four purposes of the TANF program. We hope that the principles and illustrations in this guidance will promote the design of creative and innovative programs that effectively address the needs of low-income families.

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 22, 1996

PRESS BRIEFING BY
MIKE MCCURRY

The Briefing Room

1:35 P.M. EDT

MR. MCCURRY: Sorry for that momentary delay and for the larger delay. So much news here at the White House these days, it's just hard to keep track of it all sometimes. Good afternoon, ladies and gentlemen. I assume you all have what you need.

Q The fact that so many of the Democratic leadership -- none of the Democratic leadership was -- attended the signing ceremony today, was that a source of embarrassment to the President, especially some of his best friends claim that this is a bad day for the President?

MR. MCCURRY: Wolf, as you well know, on this subject Democrats were split right down the middle, some for, some against. We concentrated the invitations to the signing ceremony today to those who largely support the type of bipartisan approach taken in this welfare reform bill and we didn't put any of our leaders or their leaders in the position of extending invitations that we knew would be difficult to accept. We concentrated on those who we worked through during the course of the welfare reform debate, and we're delighted that a bipartisan group was here.

Q Representative Clay Shaw wrote a letter to the President saying that the administration is trying to sneak through some waivers that would dilute the impact of this legislation, this new law. Do you have a response to that?

MR. MCCURRY: Well, the response -- I believe you got a very good response from Secretary Shalala on that. She is the head of the agency that issues the waivers, made it very clear that she is proceeding with those welfare reform experiments that are consistent with this law in which there are not issues that are in conflict or are impeded by passage of this welfare reform law. But the goal in every case is the same -- when we have done welfare reform experiments now in 43 states, the goal has been to make this transition from welfare dependency to work real, to make sure that we protect kids in the process. That's why we've got 1.6 million fewer people on the welfare rolls now than when the President took office.

That's why child support enforcement is up 40 percent. That's why we are saving money for taxpayers because of the success of the experiments that are occurring. And it is all part of the process that the President said begins today as we can watch a major national effort to reform welfare as we know it. So these steps, these waivers are consistent with the intent of this law, consistent with the thrust of what the President has been doing now for three and a half years.

Q What makes the President believe that with the signing of this bill, welfare is no longer a political issue?

MR. MCCURRY: Because the President, if you follow his point -- and I thought he was very eloquent on this point -- for years, we've heard politicians denigrate people who are on welfare and talk about waste, fraud and abuse and talk about abuses in the system.

We have now reformed welfare as we know it, and indeed it was a system that was flawed, and we now have the opportunity, through the structure of the reforms that are put in place and will be put in place as we implement this bill, to lift up those who are poor, give them encouragement to enter into the work situations that are now required of them, to make sure that their kids are protected through the enhancements we've made in child care.

And the President's hope is that Republican and Democrat alike can work together to make the new welfare system that we will have in the 21st century a successful one, being what welfare should be -- a

temporary means of supporting those who are indigent and not a permanent condition, with a culture that surrounds that condition of dependency that affects communities, that destroys lives. And that's the reason why we are reforming welfare to begin with.

Q Mike, you heard the President basically challenge business leaders to put people who have been on welfare, to find jobs for them. Other than issuing that challenge, is the President planning any initiatives that would make that easier for them to do?

MR. MCCURRY: Well, he has proposed, as you know already, in his FY'97 budget the work opportunity tax credit that would actually provide tax credits to those who take people who are on welfare programs and put them into work situations. So it is an incentive, a positive incentive for individual employers to hire people who are currently receiving some form of income maintenance, whether it's food stamps or AFDC. So we've actually got a proposal already. We're looking at ways in which we can add to not only that proposal, but to other things that would stimulate a response in the private sector, because that's where the response, by and large, has to come from.

This President has now created over 10 million new jobs, but those jobs have to be available in areas where there are high concentrations of welfare dependents if we're to make this welfare reform experiment work. And that, we acknowledge, is an important task and it's one of the things that you could tell from the President today he was excited about doing, and confident that we could achieve.

Q If the President gets reelected, will he propose changes to the nutritional and the legal immigration side of the welfare bill?

MR. MCCURRY: He's already indicated that he will seek the necessary legislative remedies on those two provisions. And, of course, if he is reelected, that would be part of what we would work with Congress to address.

Q Mike, Congressman Shaw was particularly vehement on the subject on the waiver for the District. How does a 10-year extension fit in with the intent of this bill?

MR. MCCURRY: I've got an answer that's been provided to me by the Department of Health and Human Services, but if I'm not mistaken, did not Secretary Shalala address that point directly? I think she was very good on that point. She said it's fully consistent with the law, with the needs of the District and with our goal of reforming welfare to proceed with the waiver that she's approved.

Q Pat Ireland, the head of NOW, was out there with the demonstrators a little while ago, several hundred of them, and she said that she wasn't going to lift a finger to help the reelection of the Clinton-Gore ticket. The reactions like that on the part of organized labor -- is this a temporary kind of a problem, or do you see it as more long-term?

MR. MCCURRY: It will be up to those organizations. But the President needs to move ahead. He campaigned 1992 saying that we would reform welfare as we know it. Today he signed legislation which, while certainly not perfect, is legislation that can achieve that goal if all who care about kids, who care about the poor, work together to make sure that this legislation is a success.

If the President has to live without the support of the National Organization of Women in the coming election, he'll just have to pay that price. What he will certainly do is reach out to everyone who has got commitments to those who are poor, to distressed urban areas, who care about kids, and say to them if he is indeed reelected, let's set aside our disagreements of the past, let's work now to make sure that we effectively implement the law of the land.

Q Mike, recognizing that the D.C. waiver may well fall under the -- may be allowed by the bill, does it not set the wrong tone, does it not send the wrong message to basically waive the work requirement for 10 years here in the Nation's Capitol?

MR. MCCURRY: We have now done, I think, 70-plus waivers that are all consistent with the goal of reforming welfare, of making sure that states have got some flexibility, since this is now a challenge to the states to help effectively implement this law -- and we consider for this purpose D.C. as a state -- and it is incumbent on all of us who look at the regulatory aspects here to make sure that states, as they face their individual circumstances, as they develop the terms of compliance with this law, and as they pursue the welfare reform experiments that are already underway, make sure that they are following the intent of the law that the President has now signed. And the Secretary's judgment on that point is as she indicated to you earlier.

Q But in previous waivers, in the waivers that you pointed out over the past year or two in defending your position on welfare, those have generally been things that involve perhaps more restrictions, more rigorous attempts to get people to work. This appears to be just the opposite.

MR. MCCURRY: Well, look, I'm not as familiar with the terms of the D.C. waiver as the Secretary who you talked to earlier. But as she said, or I believe she said, taking into account the needs of the District, making sure that they have got a program that will work effectively here in the District to reform welfare is part of the implementation of this act. And they have responsibilities under law to assure that everyone complies.

There are other aspects of this legislation that certainly will have to be complied with. There will certainly have to be the same kind of effort here in the District to create jobs that will be available to welfare dependents as there are in other economically distressed urban areas around the country. But she can authoritatively tell you how legally that waiver fits within the requirements of current law and how it matches the intent of the new law.

Q Is OMB any closer to finishing its review of the tobacco issue, and what can we expect tomorrow?

MR. MCCURRY: It's getting very close, and don't go home

early tomorrow.

Q Do you think there will be some announcement tomorrow on tobacco?

MR. MCCURRY: I think it's entirely possible, yes.

Q On what's going to happen tomorrow, how do you respond to Republican charges that this is a well-timed political effort to deflect attention away from the teen drug report that came out this week?

MR. MCCURRY: Well, unlike the previous President who I think made an effort at one point to hide statistics about the rise in drug use among young people, this President very openly disclosed this information. The timing of the release of the HHS statistics -- I believe it's an annual report -- you can ask them about their timing of their report. I can tell you the discussion of the tobacco issue and how the regulatory process would proceed once we got the final rule draft from the FDA has been under discussion here for quite some time, and our thinking about this issue has been set for quite some time.

Q So this is neither delayed nor hurried to coincide with the convention or anything like that?

MR. MCCURRY: We can't hurry a regulatory process that has to be meticulous and by the book, and that's what OMB has underway right now.

Q How do you respond to those who are trying to set up this link between the teen drug use report and this thing? Somebody like Senator Faircloth, who said that the President would be better off spending more time working on teen drug use than telling NASCAR drivers how to paint their cars.

MR. MCCURRY: What we do is say, we care about the health of kids, and the health of kids can be ruined by addictive behavior of any number of sorts -- alcohol abuse, illegal substance abuse, tobacco addiction. And the President has worked, I would suggest strenuously, to address all of those, and there are disagreements within the scientific community of how related some of these problems are, but the President sees them as each an individual challenge that require his personal leadership.

He's offered that on drug abuse among young people. He will continue to offer that. We will continue to have at the top of our list of priorities as the National Drug Control Strategy, a determined effort to reduce substance abuse among minors.

Q When you say that OMB's just about done its process, what is it they're doing? Can you describe the mechanism a little bit?

MR. MCCURRY: Well, it's what OIRA does is they review proposed regulations for many agencies, and they can tell you about it. They do a standard analysis of regulations that are required, fulfilling their mandate as the final executive clearance, final point of clearance within the Executive Branch before a new federal regulation is issued.

Q Have they indicated what might be unfinished because of its difficulty or --

MR. MCCURRY: I'm not at liberty, I believe by law, not at liberty to discuss the content of any final rule until it is published in the register, until it's presented to the register for public issue.

Q There's a little bit of confusion on whether there's an executive order that we're talking about tomorrow, or we're not talking about an executive order.

MR. MCCURRY: Not to my knowledge. This is a standard regulatory process by which OMB then clears back to the agency a proposed final rule, the rule then is submitted to the Federal Register for publication and once it's submitted it becomes available for inspection. Obviously, though, on a matter of this importance and one that affects so many lives, the President would be directly involved in the final decision to move ahead with the rule.

Q That was my other question. Advertising groups and even some tobacco critics say that this rule-making of the FDA, when the FDA comes down with it, it's going to be caught in court for a number of years. Why go this way as opposed to trying to do something more immediate?

MR. MCCURRY: If you remember back to August 10th of 1995 and the discussion we've had of this rule since the time when the President announced the proposed rule, he has said over and over and over again, it would be far preferable in his opinion to move now, instantly, to protect kids from tobacco addiction. He suggested two things. To the Congress he suggested, why don't you pass in statutory language a health care policy that will implement the types of restrictions on access and appeal of this product to minors that I think are necessary to protect the health of children. Then we don't have to go into an FDA regulatory mode because we would have the authority of federal law to do what I think is necessary to protect children.

He suggested to the private sector, to the industry, why don't you voluntarily come forward with a program with the very specific needs that we have now identified and that the FDA has proposed in this rule. And, indeed, at least one company did come forward with a voluntary program which, while insufficient, at least might have been some way in which we could have proceeded without direct federal regulation.

But those efforts didn't pan out, there was not either in legislation or in voluntary efforts by the industry action that met the test the President required when he said we're going to have to reduce tobacco use by 50 percent over the next seven years among young people, among minors, and failing to have either voluntary or statutory achievements like that, the President knew that they would have to go into a regulatory mode, which is where we are now.

Q How does he know that this rule is going to reduce smoking among teens 50 percent?

MR. MCCURRY: In response to his directive and the goal that he announced, the FDA proposed a rule with a series of things that they suggest are going to be sufficient to meet that objective as you recall from the President's remarks last August and from the statements by Dr. Kessler.

Q Mike, the question, though, was, a number of these parts of rules, a number of parts of the rules here are going to be challenged legally. They're going to be in court for a number of years. There are other things that could have been done that -- I mean, they could have raised cigarette taxes, you could have done other things that wouldn't have been open to such a challenge. Why go this approach?

MR. MCCURRY: Because of what I just suggested. The FDA, in its proposed rule, said these are the sets of measures that we believe will best accomplish the health care objective that the

President has identified -- reducing tobacco addiction among young people. Did we know, in fact, that they would likely be litigation? Of course. In fact, the President publicly said he would wish for something that would avoid that type of litigation and delay and that could instead lead to immediate implementation of the types of measures he believes are necessary to protect kids.

And he suggested that, he met with members of Congress on that subject. Indeed, there was, I'd say, a fair amount of work to see if they couldn't come up with something sufficient to do the job. But, remember, we have to do the job the President has identified, which is to protect children from the addictive properties of the drug nicotine.

Q Does he think a Democratic Congress would have made any difference -- in other words, if next year he gets a Democratic Congress, would he propose legislation, or does he think that it's not possible either way?

MR. MCCURRY: I don't know the answer to that. I think it's obvious, given the opposition to the President's action that is emerging from the Republican Party and from the Republican presidential campaign, it is quite obvious that this will be an issue that will be before the American people this fall, and that might, in fact, be instructive to the newly-elected Congress next year; we will see.

Q Are you able to describe what the nature of the President's direct involvement in the OMB review is?

MR. MCCURRY: He's not suggested he is directly involved in the review. The review is talking place, as it always does, with experts at OMB. But, given the importance and the nature of this decision, it will be presented -- the final analysis of the OMB will be presented to the President prior to any final decision to move forward with a final rule.

Q And the mechanics are that once the President indicates his acceptance, or approval of that --

MR. MCCURRY: OMB would forward to the Federal Register for publication the rule and I would expect at that point that we would announce it almost immediately thereafter.

Q And the rule takes effect, theoretically takes effect once it's published in the Register as being a final rule?

MR. MCCURRY: I can't discuss the content of the rule, but it will have an effective date in it.

Q But I mean, mechanically, does whatever provisions are in the final rule take effect as soon as they're published in the Register, or is there a delay?

MR. MCCURRY: The effective date will be identified -- as with any final rule the effective date is specified in the rule itself, and you know what the effective date was in the proposed rule.

Q What time is he announcing it tomorrow?

MR. MCCURRY: I don't know. For guidance purposes, we are holding some time on the President's calendar for 1:30 p.m. tomorrow in case -- (laughter) -- there's something that he has to share with all of you tomorrow.

Q Here's a question you might have to feed through the "way back" machine. Where exactly was Clinton during the August '68

convention? Was he watching it on TV? Was he --

MR. MCCURRY: The President of the United States in the summer of 1968 was a young man, was bound for Oxford. He left, of course, later that fall for Oxford on his Rhodes Scholarship. And he tells me that he was with his future father-in-law, Jeff Dwyer, who was Virginia Kelley's third husband --

Q Step-father.

MR. MCCURRY: Yes, stepfather. Stepfather. And they were -- then young Bill Clinton was actually in a hotel in Shreveport, Louisiana. That summer he was working with Jeff Dwyer, with his future stepfather, doing some work in some kind of housing endeavor that they had. They were doing -- I don't know whether it was construction. I didn't get that. But, anyhow, he was working with his future father-in-law for the summer. They had some business in Shreveport, Louisiana, that week, and he spent the week watching the convention alone in a motel room --

Q Alone?

MR. MCCURRY: -- in Shreveport, Louisiana. I guess he was with -- on and off with his future stepfather.

Q Does he remember his --

MR. MCCURRY: He remembers his -- of course, he had a very avid interest in politics, followed the convention pretty closely, as I gather Mr. Dwyer chose not to. And he recalls being very sad about what was happening to the delegates and to the city and to the Democratic Party. A little history there.

Q Mike, can I get back to tobacco for one second? Does the administration have any explicit policy about supporting the export of cigarettes and tobacco products to foreign countries through Commerce and other departments?

MR. MCCURRY: The Commerce Department and USTR have from time to time addressed that issue. We believe two things: one, that a legal product manufactured in the United States should be available in international commerce to those who wish to purchase it, but secondly, we also respect the health care policies of other countries that may wish to -- like we are considering -- restrict in some way the accessibility or the advertisability or somehow or other restrict the commerce of a product based on health care needs. We would respect health care policies of other countries while insisting on free and fair trade for a product that is a legal product.

Q So the government, through the Commerce Department, would still offer export assistance to U.S. tobacco companies to export their product?

MR. MCCURRY: Well, I don't know whether in fact they do that now. I'm more familiar with cases in which we have, through trade law, worked to enforce U.S. trade law and assure that foreign markets are open.

Q Will you confirm or respond to a report asserting with the retiring Israeli Ambassador to Washington that Jim Baker took part in a secret round of shuttle diplomacy to try to restart peace talks with Syria?

MR. MCCURRY: Currently?

Q This is something he would have done last year.

MR. MCCURRY: I am now aware of anything of that nature, but I should check on that. And I'd also suggest you check at the State Department.

Q What is the President's response, not getting invited to the big Al Smith Catholic dinner in New York; and will Mr. Gore go instead?

MR. MCCURRY: Well, I've only seen a wire service account on that and I don't know that he was not invited. I believe that the Vice President was invited, but I suggest you check it. The annual Al Smith dinner is a political dinner and our campaign may be able to give you more information.

Q Do you know if Mr. Gore is planning on going?

MR. MCCURRY: I don't. I'd suggest you check over at the campaign office.

Q Any response from Yeltsin?

MR. MCCURRY: We have not had a direct response to the President's communication but, of course, he has been active today in Moscow and has now been seen on television pursuing a variety of commentary on issues within Russia.

Q Is the sale of M-16s to Indonesia going to be delayed or cancelled because of the recent human rights --

MR. MCCURRY: We have interest in proceeding with that sale, but I believe the details are still being discussed between the State Department and both affected agencies within the government, and also with the government of Indonesia. And we do not see F-16 as a piece of military equipment directly related to concerns that we have consistently expressed to the government of Indonesia about human rights.

Q This fall a contingent of Marines is going to Haiti, I think 50 or some. Is that going to be a permanent thing, short visit?

MR. MCCURRY: They are there in support of an engineering mission, and the Defense Department has already indicated that is part of a routine rotation of personnel related to the engineering mission that's there.

Q You have not gotten any request from President Preval on --

MR. MCCURRY: None that I'm aware of. And the details on that particular unit -- they've already talked about over at the Pentagon today.

Q Anything more on the plane down off of southern Maryland coast, the F-18 Marine Corp plane?

MR. MCCURRY: I think they've got search and rescue in progress, but the Pentagon is providing details.

Q Do you have any information on FBI files -- on the request by Anthony Marceca's boss to get FBI files from him, eight months after he left the White House? Anything on that?

MR. MCCURRY: I don't have anything on that.

All right.

THE PRESS: Thank you.

END

2:00 P.M. EDT

#262-08/22

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

August 22, 1996

STATEMENT BY THE PRESIDENT

Today, I have signed into law H.R. 3734, the "Personal Responsibility and Work Opportunity Reconciliation Act of 1996." While far from perfect, this legislation provides an historic opportunity to end welfare as we know it and transform our broken welfare system by promoting the fundamental values of work, responsibility, and family.

This Act honors my basic principles of real welfare reform. It requires work of welfare recipients, limits the time they can stay on welfare, and provides child care and health care to help them make the move from welfare to work. It demands personal responsibility, and puts in place tough child support enforcement measures. It promotes family and protects children.

This bipartisan legislation is significantly better than the bills that I vetoed. The Congress has removed many of the worst provisions of the vetoed bills and has included many of the improvements that I sought. I am especially pleased that the Congress has preserved the guarantee of health care for the poor, the elderly, and the disabled.

Most important, this Act is tough on work. Not only does it include firm but fair work requirements, it provides \$4 billion more in child care than the vetoed bills -- so that parents can end their dependency on welfare and go to work -- and maintains health and safety standards for day care providers. The bill also gives States positive incentives to move people into jobs and holds them accountable for maintaining spending on welfare reform. In addition, it gives States the ability to create subsidized jobs and to provide employers with incentives to hire people off welfare.

The Act also does much more to protect children than the vetoed bills. It cuts spending on childhood disability programs less deeply and does not unwisely change the child protection programs. It maintains the national nutritional safety net, by eliminating the Food Stamp annual spending cap and the Food Stamp and School Lunch block grants that the vetoed bills contained. In addition, it preserves the Federal guarantee of health care for individuals who are currently eligible for Medicaid through the AFDC program or are in transition from welfare to work.

Furthermore, this Act includes the tough personal responsibility and child support enforcement measures that I proposed 2 years ago. It requires minor mothers to live at home and stay in school as a condition of assistance. It cracks down on parents who fail to pay child support by garnishing their wages, suspending their driver's licenses, tracking them across State lines, and, if necessary, making them work off what they owe.

For these reasons, I am proud to have signed this

legislation. The current welfare system is fundamentally broken, and this may be our last best chance to set it straight. I am doing so, however, with strong objections to certain provisions, which I am determined to correct.

First, while the Act preserves the national nutritional safety net, its cuts to the Food Stamp program are too deep. Among other things, the Act reinstates a maximum on the amount that can be deducted for shelter costs when determining a household's eligibility for Food Stamps. This provision will disproportionately affect low-income families with children and high housing costs.

Second, I am deeply disappointed that this legislation would deny Federal assistance to legal immigrants and their children, and give States the option of doing the same. My Administration supports holding sponsors who bring immigrants into this country more responsible for their well-being. Legal immigrants and their children, however, should not be penalized if they become disabled and require medical assistance through no fault of their own. Neither should they be deprived of food stamp assistance without proper procedures or due regard for individual circumstances. Therefore, I will direct the Immigration and Naturalization Service to accelerate its unprecedented progress in removing all bureaucratic obstacles that stand in the way of citizenship for legal immigrants who are eligible. In addition, I will take any possible executive actions to avoid inaccurate or inequitable decisions to cut off food stamp benefits -- for example, to a legal immigrant who has performed military service for this country or to one who has applied for and satisfied all the requirements of citizenship, but is awaiting governmental approval of his or her application.

In addition to placing an undue hardship on affected individuals, denial of Federal assistance to legal immigrants will shift costs to States, localities, hospitals, and medical clinics that serve large immigrant populations. Furthermore, States electing to deny these individuals assistance could be faced with serious constitutional challenges and protracted legal battles.

I have concerns about other provisions of this legislation as well. It fails to provide sufficient contingency funding for States that experience a serious economic downturn, and it fails to provide Food Stamp support to childless adults who want to work, but cannot find a job or are not given the opportunity to participate in a work program. In addition, we must work to ensure that States provide in-kind vouchers to children whose parents reach the 5-year Federal time limit without finding work.

This Act gives States the responsibility that they have sought to reform the welfare system. This is a profound responsibility, and States must face it squarely. We will hold them accountable, insisting that they fulfill their duty to move people from welfare to work and to do right by our most vulnerable citizens, including children and battered women. I challenge each State to take advantage of its new flexibility to use money formerly available for welfare checks to encourage the private sector to provide jobs.

The best antipoverty program is still a job. Combined with the newly increased minimum wage and the Earned Income Tax Credit -- which this legislation maintains -- H.R. 3734 will

make work pay for more Americans.

I am determined to work with the Congress in a bipartisan effort to correct the provisions of this legislation that go too far and have nothing to do with welfare reform. But, on balance, this bill is a real step forward for our country, for our values, and for people on welfare. It should represent not simply the ending of a system that too often hurts those it is supposed to help, but the beginning of a new era in which welfare will become what it was meant to be: a second chance, not a way of life. It is now up to all of us -- States and cities, the Federal Government, businesses and ordinary citizens -- to work together to make the promise of this new day real.

WILLIAM J. CLINTON

THE WHITE HOUSE,
August 22, 1996.

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The New York Times, December 13, 1993

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SECTION: Section A; Page 16; Column 1; Editorial Desk

LENGTH: 641 words

HEADLINE: **Welfare Reform** in the Making

BODY:

One of every four children in America is poor; nearly one of every three is born to an unwed mother and 70 percent are raised on welfare.

The statistics are grim, which is why President Clinton put a vow to "end welfare as we know it" near the center of his domestic agenda. The central idea is to make welfare a temporary stop on the way to a job. And according to internal documents obtained by Jason DeParle of The Times, a working group appointed by the President will soon propose legislation to carry out the pledge.

Though the working group remains divided on important issues, it is united on the basic thrust. Welfare offices will be turned into agencies that find jobs, not just cut checks. They will provide training, education, child care and health insurance. But, in order to compel recipients to find work quickly, cash assistance will be cut off or down after two years unless there are extenuating circumstances.

Time-limited welfare is the key to Mr. Clinton's reform. But to make the threat humane -- and make the plan politically viable -- government must find work for enrollees who do everything right but still can't find a job. The draft document would require enrollees to accept a subsidized private-sector job or government employment or work off their welfare grants by doing community service. But all-important questions -- such as whether community service would also be time-limited, or what the likely cost would be -- were left unanswered.

Nor does the draft document explain how millions of new workers would be absorbed into the work force. In the past, Congress tried subsidizing employers to hire the unemployed, but the policy backfired because employers wouldn't hire applicants stigmatized by government subsidies. Congress could create public-sector jobs. But if the jobs are meaningful and the workers are paid prevailing wages, as organized labor wants, that is hugely expensive. If jobs are make-work, taxpayers may become outraged at what would appear to be a boondoggle. And any program to put welfare recipients into jobs threatens to displace equally-deserving low-paid workers.

The draft document makes a troubling promise that **welfare reform** will be self-funded. That could mean no more than that **welfare reform** will conform to existing budget laws. But if the promise means reform will have to be paid out of cuts in other parts of the welfare program, then the initiative could do more harm than good.

Skimpy funding buried Congress's previous reform, a 1988 law sponsored by Senator Daniel Patrick Moynihan of New York. The law provided all the right ingredients: training, education, job-search assistance, child care and health insurance. But Congress appropriated only about \$1 billion a year in matching funds, far below the \$6 billion needed.

Studies by the Manpower Research Development Corporation show that in states like Florida and California, where aggressive programs of education, training and job-search were begun, welfare rolls declined and earnings rose. The impacts were small but positive. That suggests -- and the working group agrees -- that the first task is to wring everything possible from the 1988 reform by

putting up much more money. Only then will it be time to fixate on the new get-tough policies. And even then, the children of those whose benefits are cut would have to be protected by providing health insurance, food stamps and some child support.

The big hurdle will be money. Mr. Clinton must convince the public that the goal isn't to save a little money in the short run. The larger goal is to save lives -- the lives of the teen-age dropouts and their children -- in the long run. Growing up in poverty for prolonged periods is a ticket to trouble. It is not just a personal tragedy for the families but an albatross for the economy.

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The New York Times, December 3, 1993

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HEADLINE: Clinton Welfare Planners Outline Big Goals Financed by Big Saving

BYLINE: By JASON DePARLE, Special to The New York Times

DATELINE: WASHINGTON, Dec. 2

BODY:

President Clinton's task force on **welfare reform** has translated his pledge to "end welfare as we know it" into a plan to spend significant new sums on child care, work and job training programs. But the plan provides few specifics about the financing and says its ambitious goals can be paid for entirely by cuts or savings in welfare or other programs for the needy.

A draft of the plan was completed 12 days ago and is subject to revisions before it is presented to Mr. Clinton.

A copy of the confidential document suggests that, in its broadest outline, the program seems less the radical departure that Mr. Clinton's oratory has suggested than an expansion of the current law, as embodied in the 1988 Family Support Act.

Training and Then Work

That law provides money for job training and education programs, and requires some welfare participants to enroll in them. The Clinton plan would expand those training opportunities, and add tougher work requirements at the end.

"We see the Family Support Act as a really core foundation for anything we do," said David T. Ellwood, an Assistant Secretary of Health and Human Services who is one of three leaders of the task force drafting the bill.

The plan reiterates Mr. Clinton's pledge to impose a two-year limit on welfare benefits, after which recipients would have to enroll in a work program or face financial penalties.

An Unanswered Question

But it holds open the possibility that the work program could be temporary, and it does not resolve the ultimate question: What would then happen to poor families who still could not find private jobs?

One Administration official drafting the plan called that "the \$64,000 question" that after nearly a year in office, the Administration has still not answered.

The plan suggests that those who exhaust their temporary jobs could simply recycle back onto the welfare rolls, perhaps with reduced benefits.

The working group member, speaking on the condition of anonymity, characterized the plan as "a first draft" and said it underscored the amount of detailed work still to come before one of the

President's primary campaign pledges is converted to legislation.

Like the people who devised the Administration's initial ambitious health care proposals, the welfare planners did not say how much the plan would cost or specify which program cuts would finance it. So it is hard to gauge the true extent of its ambition.

But some welfare experts voiced skepticism that a serious welfare plan could be financed simply by cutting current programs.

New Services Required

Mr. Ellwood acknowledged that many decisions remain. "The whole question of how exactly the jobs will work is still very much under discussion," he said.

The financing remains a central political difficulty. Many members of Congress, Democrats and Republicans alike, think the time limit can save money and court favor with the public. But the plan makes the time limits contingent on the Government's providing expensive new services, like job training and child care and the working group members are searching for ways to pay for the services. The Administration wants to phase in the program slowly, to reduce the initial costs.

For now, the White House is in the midst of a vigorous internal debate over the timing of the plan. Some see the need to fulfill political promises quickly, particularly with Congressional Republicans pushing a time-limit plan of their own. Others are warning that fast action on welfare will produce political and financial conflicts for the health care bill, which must travel through the same Congressional committees.

The 29-page plan served as the basis of a Nov. 20 meeting of the working group, which has 32 members. The Administration has recruited some of the nation's leading academic experts on welfare, including Isabel V. Sawhill, a White House budget aide, and Mr. Ellwood and Mary Jo Bane, both assistant secretaries at the Department of Health and Human Services.

But so far they have provided more slogans than specifics about how they plan to tackle the challenge of moving five million poor mothers, mostly with few skills, into an economy with nine million unemployed people.

The document from the Nov. 20 meeting gives the first clues. In addition to calling for expanded child care, training, and work programs, it also endorses a national campaign to reduce teen-age pregnancy. It calls for "dramatic improvements in the child support enforcement system" and acknowledges "there is considerable division" within the group over whether the Government should make the payments itself if it fails to collect them.

Both Fathers and Mothers

The plan indicates an enthusiasm for expanding training programs so that they include absent fathers, as well as mothers. Such an expansion could help fathers earn more, and therefore pay more in child support payments. But such an expansion would also add large new costs.

The document also acknowledges the considerable political challenges that surround revamping the welfare system and which, in the past, have defeated ambitious plans by Presidents Richard M. Nixon and Jimmy Carter. "Ugly, racist, and mean-spirited images are sometimes loudly proclaimed," the paper said.

Aid to Families with Dependent Children, the main Federal welfare program, costs about \$23 billion a year. Food stamps and Medicaid for welfare families costs about \$40 billion more. But the volatility of welfare debates is always larger than numbers alone suggest, because the issue touches on race, class and even sexual morality.

Mr. Clinton's plan is similar to Mr. Carter's in one crucial respect: his insistence that any welfare overhaul pay for itself by offsetting cuts or savings in other programs. That is a major reason Mr. Carter's plan failed in Congress.

Bruce Reed, a White House domestic policy aide who is a co-chairman of the task force, expressed confidence that the financing would not similarly stall this plan. "The cost depends how gradually it's phased in," he said.

One way to phase it in, he said, is to start in a limited number of states. Another possibility is to have the new requirements apply only to new welfare applicants, not to those already on the program.

Skepticism on Fiscal Claim

But one Congressional aide who is an expert on welfare expressed skepticism that an ambitious plan could be financed from wringing the fat out of existing programs. "When they tell you it's going to be deficit neutral and they don't know where the money is coming from, I get real skeptical that this is going to be as significant change in policy," he said.

As described in the plan, each welfare recipient would be required to join a social worker in designing a contract that "would detail the obligations of both the recipient and the state."

The state would be required to provide the education, training, or child care a welfare recipient needed to find a job. The welfare recipient would be required to attend the programs.

In general, the work preparation would not exceed two years "for employable persons." But the plan would allow states to grant extensions for people who had not finished high school or needed other kinds of training. The number of extensions each state could issue would be limited.

In the event the state did not have the money to provide the training or child care, the "state would be prohibited from imposing time limits." That is why the extent of Government financing is crucial in determining the extent of the program.

The plan does not specify who would be exempt from the time limits. The Family Support Act already requires welfare recipients to participate in work or training programs.

But it exempts about half of the five million families on the rolls, including, for instance, the mothers of infants. And the current law only requires 15 percent of the rest to be in a program.

Some Would Be Incapable

The Clinton plan envisions "a substantial increase" in the \$1.3 billion a year now being spent on the training programs. It would also require less in the way of state matching money.

The Clinton plan acknowledges that not everyone on welfare is physically or mentally capable of holding a job, and argues the system "must be sensitive" to granting them exceptions. Instead of job training, such people might get health or housing assistance or aid, the plan says.

The plan outlines two options for creating the work program that would begin after a welfare recipient reached the two-year limit. Under one option, checks would be distributed by employers; under the other, checks would be distributed by the welfare system, in exchange for work.

The second option is generally considered harder to enforce, because court decisions have provided for extensive appeals before a welfare check can be reduced.

In either event, the plan calls for money to finance the jobs from the Federal Government, distributed to states according to a formula. And Federal money would include financial incentives

to place people in private jobs, rather than Government jobs.

Such incentives could include payments to the employers who hired welfare recipients, or to personnel concerns that found them jobs. The details would vary by region and be determined by some sort of a public-private council.

Jobs Are Transitional

Mr. Reed, the task force co-chairman, said the jobs are likely to be temporary. "We see these as transitional jobs, not permanent jobs," he said.

That raises the question of what comes next for families that, at the end of the program, could still not find work.

The task force leaders say no decisions have been made. But the plan discusses an option to give states the choice of reducing the benefits "to recipients who had spent at least 18 months in work assignments."

Task force members would not publicly specify how much annual spending they envision when the program is fully in effect. But one member, speaking on the condition of anonymity, noted that the Republicans' plan proposed spending \$6 billion a year on child care and training and said "we'd look silly" with a smaller plan.

Where will the officials find the savings? A task force member, also anonymously, said the group was examining welfare, child care, and disability programs for changes to save money. Melissa Skolfield, a spokeswoman for the Department of Health and Human Services, said, "I'm ruling out Medicare and Social Security."

Expanded Care for Children

The plan calls for expansions of child care programs that would cover not only families on welfare but also those of the working poor. Otherwise, it said, "it will be impossible to insure that working people avoid poverty."

It contemplates three ways of doing that: consolidating and expanding current programs, creating a new block grant program or creating a refundable tax credit. It gives no cost estimate.

The plan also calls for a change in the way an important tax credit program is administered. It would give the low-income workers advanced payments on the tax refunds, rather than making them wait until the end of the year.

In an interview this afternoon, Mr. Ellwood argued that the importance of the plan was not in its immediate financial scope but rather in the signals it sends. He said it would change welfare offices from places that mail checks to those that find people jobs.

The document reiterates that vision throughout, arguing the Clinton plan will reinforce "the traditional values of work, family, support, and responsibility."

GRAPHIC: Chart: "Revamping Welfare, With Questions Remaining"

Here are highlights of a draft plan to end the current welfare system that has been drawn up by a task force appointed by President Clinton. The plan, completed 12 days ago, is subject to revision before it is presented to Mr. Clinton.

Significant expansion of child care, work, and training programs, which would be financed from cuts or savings in existing programs.

After two years, welfare recipients would have to work.

Consideration of a national crusade against teen-age pregnancy, and perhaps new training opportunities for unwed fathers.

The draft plan leaves unresolved several crucial questions:

No decisions have been made about important features of the work program like how many jobs will be created and how long they will last.

It does not say how much the program would cost or which other programs would be cut to pay for it. (pg. A26)

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Public Papers of the Presidents

Public Papers of the Presidents

October 27, 1996**CITE:** 32 Weekly Comp. Pres. Doc. 2200**LENGTH:** 5047 words**HEADLINE:** Remarks at Vanderbilt University in Nashville, Tennessee**BODY:**

Thank you very much. Thank you. I am delighted to be here at the reunion of the Vice President's family, friends, and medical support team. [Laughter] I would like to keep this crowd with us for the next several days. [Laughter]

I'm delighted to be back at Vanderbilt. Chancellor Wyatt, Vice Chancellor Robinson, thank you very much for making us feel so welcome here. Congressman Clement, thank you for coming with us. I'd also like to acknowledge our good friend, Justin Dart, who leads our national effort to mobilize people with disabilities. Thank you, Justin. Thank you for being here.

Noah Liff, thank you for your example and for your fine words and for your support of welfare reform. And I thank the other business leaders who are here as well.

Governor McWherter, thank you for being my friend and my colleague over all these years. You know, you Tennesseans can say that he was the best Governor Tennessee ever had. I don't know that because I never lived here. But I can tell you this: He's the best politician I ever met. The first time I ever met him, he put that "aw, shucks" deal on me that he does, you know. [Laughter] I wanted to reach in my pocket and make sure the billfold was still there. [Laughter] And if he'd wanted it, I would have given it to him. [Laughter]

I think it's fair to say that those of us who served as Governors with Ned McWherter thought at the time there was no State that was better run, no State more oriented toward the proper balance of continuous change and sensible management and old-fashioned common sense and good values. And I'm honored by his friendship and his support, and I'm delighted he's here with us today.

I want to say a special word of thanks as we move to the end of this election season to the Vice President. I was watching him on the debate the other night and thinking that I knew exactly what he was going to say before he said it. And we've spent so much time together now, it's almost like we can begin to speak in code, you know; two or three words, and I can finish the sentence and vice-versa. I think there has never been a relationship quite like this in American history between a President and a Vice President. But I must tell you, it's been one of the most richly rewarding things of my life, and I think it's been very, very good for the American people.

His leadership is the principal reason that we have been able to reduce the Government to its smallest size since the Kennedy administration, eliminate more regulations and Government programs, and privatize more operations than the previous two administrations combined. And no one has noticed a decline in Government services. In fact, our Federal employees are doing more with less and doing it better than ever before, thanks to the Vice President's leadership in reinventing Government. He was responsible for many of the most important provisions of the landmark telecommunications bill. He's helped us devise a budget that would continue to increase our investment in research and technology, even while we cut overall spending to balance the budget. He has made a major contribution to our efforts to finish the unfinished business of the cold war, especially in his work in Russia. There has never been a Vice President with more responsibility, who has achieved more, and who has done more to advance the cause of America than your native son, Al Gore.

As all of you know, 10 days from now the American people will go to the polls to choose the last President of the 20th century and the first President of the 21st century. Tonight and over the next several days, I will ask the American people not just to come to rallies and cheer, although we all need that, especially in the last days of a long, hard effort, but to think again about how we are going to meet the challenges of the 21st century, how we are going to seize the opportunities of the 21st century, how we are going to preserve our values and the things we hold dear in the next century, how we can make it the age of greatest possibility in human history. Our central goal must be to work together to give our people the tools they need to master the changes that are taking place.

In the next week I'm going to talk about four of the biggest challenges we face: How we finish the job of balancing the budget while preserving our values; giving our children a world-class education; opening the doors of college to all Americans; and making at least 2 years of education after high school as universal by the dawn of the 21st century as a high school diploma is today. And I want to talk about making our families stronger by helping all Americans to succeed both at home and at work, in safety and security. And tonight I want to talk about ending the cycle of welfare dependency, family breakdown, and crime by carrying on our historic efforts to reform welfare.

I first came to Vanderbilt to give a speech nearly a decade ago now, when I was invited to come here and talk about what it was like to be a Governor in a time of change in the global economy. I remember it very well. I expect I'm the only person in this audience who remembers it very well -- *[laughter]* -- but nonetheless, I do. It was about that time that I was asked to represent the Democratic Governors, along with my colleague, the Governor of Delaware -- the Republican Governor of Delaware -- and working with Congress and the Reagan administration to try to help reform the welfare system.

Those efforts produced the Family Support Act of 1988, which itself was a substantial improvement over the previous law, and which gave the President very, very broad powers, which before I took office were rarely used, to work with States and communities to change the rules of welfare, to try to develop a system that would move people from dependence to independence.

Four years ago when Al Gore and I came to Nashville, I said I wanted an America in which every person responsible enough to work for it has a shot at the American dream, an America still the world's strongest force for peace and freedom, an America coming together and relishing its diversity through its shared values.

We have pursued a simple, but profound strategy. We have worked to expand opportunity for all, to demand responsibility from all, and to build a stronger American community, to make that America's basic bargain. Four years ago, the Vice President and I asked you to take us on faith. Tonight, you can look at a record.

Our Nation is clearly moving in the right direction. We have 10 1/2 million new jobs, over 270,000 of them here in Tennessee. Unemployment here has dropped by about a third, to 4.1 percent. We have the lowest combined rates of unemployment, inflation in home mortgages in 20 years -- 28 years. After inflation, household income is up about \$ 1,600 in the last 2 years. There are 4 1/2 million new homeowners. The inequality among working people just declined by the largest amount in 27 years. Childhood poverty dropped the most it has in 20 years. The incomes and poverty of households headed by women had its most dramatic drop in 30 years. And we just recorded the lowest poverty rates ever recorded for African-Americans and all our senior citizens. We have 4 1/2 million new homeowners, record numbers of new small businesses, record exports. We are moving in the right direction.

We are pushing back the frontiers of knowledge in ways that will benefit all of us. Here at the medical center, in science labs, biotech firms and universities all across our Nation, in millions of homes in the everyday miracle of the Internet, we see the leaps of science, technology that are no

less dazzling for being so widespread.

Just today, before I came here, I met with a lot of people who work with the problems of cancer. I met with cancer survivors. I met with physicians. I met with researchers. I met with people in support groups. Among other things, I announced that we will be dedicating 30 million more dollars this year to genetic breast cancer research, because -- and this is just one example -- we have identified two of the genes in the human structure that cause breast cancer. And when you put that with the fact that we are now using the very sophisticated imaging technology we use in our satellites for defense and intelligence purposes on the human body, so we can detect, prevent, or stop early the spread of all kinds of diseases, we are literally on the verge of breakthroughs we never could have dreamed of just a couple of years ago.

Not very long ago, we had movement for the first time ever in a laboratory animal whose spine has been completely severed; the animal had movement in its lower limbs when there were nerve transplants from other parts of the body to the spine. We've developed the first treatment for stroke ever in the last 4 years. The average life expectancy of people with HIV has more than doubled in the last 4 years with research and more rapid movement of drugs to market. It will soon, I believe, become a manageable, chronic disease, not a certain death warrant. All these things have happened in the last 4 years.

But we have much to do, and we have to choose a decision about how we're going to walk into the future. And one of the major decisions before the American people in this election -- and not just the race for President, but many others as well -- is what are those things which we should do together? To what extent do we believe we're better off on our own? To what extent do we believe, yes, it does take a village to raise our children and build our future? To what extent do we think we can find our way on our own into the 21st century? To what extent do we need to build a bridge that's clearly marked and big and wide and strong enough for us all to go over together?

We have tried to define what we think we should do together and what we think the Nation's responsibilities are. We've cut the deficit by 60 percent. Now we can finish the job of balancing the budget and do it in a way that reflects our values, that preserves the fundamental structure of Medicaid and Medicare, education and the environment, research and technology.

We have cut taxes for 15 million working families. And because our economy is on the right track, we can balance the budget with a targeted tax cut for families where they need it the most, for education, childrearing, medical care, and buying that first home.

We've improved our educational standards, expanded college scholarships and loans. Now, we have to reform education at every level, raising standards, increasing accountability, making sure that every 8-year-old can read independently, every 12-year-old can log into the Internet in every classroom and library in America, every 18-year-old can go on to college.

We're making our families and neighborhoods safer. We're in the process of putting 100,000 more police on our streets, getting gangs and guns and drugs off the streets. Now we have to finish the job of putting those police on the street and crack down on teen gangs with the same focus and the same law we are using to break organized crime.

We now have the lowest crime rate in 10 years -- 4 years of declining crime rates. But all of you know there is still a long way to go before the American people really feel safe and secure again. Now is not the time to back up; now is the time to bear down with an approach that is working.

We've helped to strengthen our families with the family leave law; 12 million times families have taken a little time off from work when a baby was born or a family member was sick, without losing their jobs. And I think America is stronger because of it. I thank the Vice President and Tipper for the work they did to advocate that here in Nashville at the family conference.

Now it's time to expand family leave, I believe, so that parents can take a little time off to go see

their children's teachers twice a year or to make regular doctor appointments for their kids. And because people are working harder than ever and so many people have trouble juggling the demands of parenting and work, I think we ought to give workers the option of using overtime they accumulate and taking it either in cash or in more time with their families at their own discretion. That will help us to be a stronger country.

But we also have to finish the job of welfare reform. For many reasons, most of which have already been explained by previous speakers, and especially the Vice President, our welfare system has failed a lot of people. To be frank, a lot of people -- it worked as well as anything would because they were just in a temporary difficult position. They got on welfare; then they got off again and went on with their lives.

But year-in and year-out, especially as more and more children were born into single-parent homes, more and more people became trapped in a permanent cycle of welfare dependency in ways that literally physically isolated generations of people away from communities with mainstream values, mainstream opportunities, and mainstream futures, exiling people from the world of work that gives structure, meaning, and dignity to the lives of the rest of us.

The system -- for those people for whom it did not work, the system hurt them a lot more than it did the other taxpayers who often complained about it loudly and publicly. Children who are born to a life on welfare we know from study after study are more likely to drop out of school, fall afoul of the law, become teen mothers or teen fathers, raise their own children on welfare.

For too long, welfare has been the object of partisan debate rather than collective common effort. Too many people in politics, especially the further you get away from the people on welfare, if you get all the way back to Washington, DC, ask who is to blame instead of what to do. For too long, a lot of other Americans assumed there was nothing that could be done about it; you simply could not make it any better than it was. Welfare, teen pregnancy, crime all seemed destined to go on and grow forever.

That's why Al Gore and I pledged to end welfare as we know it 4 years ago. We did not believe that these problems would not yield to sensible, persistent human effort. As a Governor, for 16 years -- 12 years as Governor, now 4 years as President -- I have worked on welfare reform and worked personally face-to-face with people on welfare. I knew better. I knew how bad those people wanted a different deal and a better, brighter future. I knew from the beginning we could change this system for the better.

The old system -- yes, it wasted taxpayers' money, but even more tragically, it trapped millions into a lifetime of dependency. Well, that system is now over, but the question is, what are we going to do now?

We have shown that we can restore our communities and renew our values, but the job is not done. As the Vice President said, we gave special permission to 43 States to get out from under a whole variety of Federal rules, to redesign systems that would help move people from welfare to work more rapidly. This has made a real difference. We also had some rules, including requiring teen mothers to live at home and stay in school, or lose their welfare benefits.

We also recognize that governments can't raise children, parents do that. One of the main reasons people go on welfare in the first place is that parents run away from their responsibility to support their own children.

Do you know, tonight, if every parent who is legally obligated to do so paid all the child support they had been legally found able to pay, 800,000 people would be off the welfare rolls tomorrow? That's why we stiffened Federal child support enforcement, worked with the States more closely than ever, and why I signed an order directing Federal employees to pay their child support or have it paid for them. I wanted us to set an example.

We required hospitals to have programs to identify the father at the time of birth, insisted that welfare recipients name the father or lose benefits. We posted deadbeat parents in post offices, on the Internet; we're going to deny them Federal loans. We used the IRS to collect a record \$ 1 billion in child support, worked with States on a new computer system to identify those who switched jobs or moved from their home State to avoid paying child support.

I might say that 35 percent of all delinquent child support cases involve people who have crossed State lines. In the first few months of this new system, we identified 60,000 deadbeat parents who now must pay.

All of these efforts are bearing fruit. The welfare rolls are down by nearly 2 million in the last 4 years. Tennessee has 75,000 fewer recipients, a 25 percent drop. Just this week new statistics were published showing that all across America child support collections have increased by 50 percent in the last 4 years, up in every single State in America. That's \$ 4 billion a year more going to children and parents who otherwise would have to fend for themselves and depend more on the taxpayers to support them.

Another thing you can be proud of in Tennessee is that Tennessee is one of the top five States in the country over the last 4 years -- here, child support collections have doubled. They're up 100 percent in the last 4 years.

And believe it or not, while too many young people are still having babies outside marriage, even on that front America is making progress. Teen births have gone down for 4 years in a row. And last year the out-of-wedlock birth rate declined for the first time in nearly 20 years.

That brings us to where we are now, a people determined to get back to our basic values, even as we modernize our economy and face the future. This welfare reform law gives us an historic chance but not a guarantee to restore the basic values of work, responsibility, and families and to end the literal exile of millions of poor people from the mainstream of American life and all of its promise. The new law imposes strict time limits on welfare. It requires those who can work to go to work. It mounts the strictest crackdown ever on child support collections. But it also says we will continue to provide as a national guarantee health care and nutrition for poor families and, when the welfare recipient goes to work, more for child care than ever before, so that families will get the help they need when they move from welfare to work. The new law gives us a change to make welfare what it was intended to be, **a second chance, not a way of life.**

But let me say again, we say from now on people who can work have to go to work; no one who can work can stay on welfare forever. We're making work, family, and responsibility a way of life. We are not going back. Our welfare legislation, however, is just the beginning. That is the important thing that every single American citizen has to understand. Maybe it's because I was a Governor before I became a President, but I know that there's a lot of difference between passing a law and changing lives in the neighborhoods and streets of every community in the United States. You have to help us change those lives. You have to help us implement this welfare reform law and make it work the way it was supposed to.

We're not going to walk away from these children. We're not going to walk away from these families. We're going to take them by the hand and walk with them into a bright new future. And you're going to help. *[Applause]* Thank you. Thank you.

Let's look at where you are in Tennessee right now. You've heard this talked about before tonight, but I want to say again, there are 12,000 Tennessee families who have signed new personal responsibility contracts. Now, they've promised to be personally responsible. And the people of Tennessee, through their elected officials and those who work for the State have promised to keep up their end of the bargain to give those people a chance to act on their responsibility, like these fine folks who stood up over here and whom we clapped for tonight. So as we require people to take responsibility and go to work, we have to make sure they have the opportunity to work.

One of the reasons that I wanted to sign this law so badly, maintaining the guarantees of health care and nutrition and child care but giving the welfare money back to the States and ultimately to the local communities, was so we could take poverty out of politics and substitute reality for that old rhetoric. Now, everybody who has ever said a bad word about the welfare system has nothing left to cuss; there is nothing there any more. [Laughter] And now, there is no politics in poverty any more; there are only people. And they are our people. They are our children. They are our future.

This law says to them, we're not going to keep you on modified life support forever anymore. It's a lousy deal for you and a bad deal for us. But here's where you come in. This is not the New Deal in the Great Depression any more, either. The Government has to balance the budget to keep interest rates down, to keep the economy strong, so we can keep creating jobs for everybody. We cannot have a Government-created program that hires all these folks. You're going to have to do that.

Sure, there will be some hired into public jobs, and in areas of densely high unemployment we're going to give extra help in the early years to make sure that people have a chance, but by and large, over the nation, people will have to be hired by employers in the private sector, in the nonprofit sector, churches, and great universities like Vanderbilt, both public and private.

But that is better -- it is better that people be hired, 10 or 15 or maybe even 1 or 2 at a time, and given a chance to just be integrated into the normal flow of American life, rather than being hired a thousand at a time to do one thing off here to the side. We want everybody to walk together into the future. But to do it -- to do it -- we have to have an upsurge of personal responsibility from the private sector.

Now, as I said, under the new law States can take this money the Federal Government used to give for the monthly welfare check, and they can use it to help businesses provide paychecks. Seven hundred people have gone to work in Kansas City at the Full Employment Council that I visited in that system. That's a good deal for businesses; they can create more jobs for less money. And it's a good deal for taxpayers; they save money every time someone leaves welfare to work. It's a good deal for the people on welfare; they get a job.

The National Government has tried to make work pay. We've raised the minimum wage. We dramatically expanded the earned-income tax credit. We have made -- clearly made now work a better deal than welfare. That tax credit alone is worth about \$ 10 billion this year, and it's reducing the poverty rate among working people dramatically. It only goes to people who are working. And it is reducing the poverty rate dramatically by saying we're not going to tax people into poverty anymore.

The Vice President has helped us to create a national network of community development banks, 105 empowerment zones and enterprise communities to get more private capital into the areas where there are large numbers of unemployed people, including many who are unemployed who are not on welfare -- a lot of single men, for example.

I have proposed a plan now that will create another million jobs. Number one, we want to give business a new tax credit for every person hired off welfare. Number two, we want to give the same private job placement firms that Americans use to get better jobs for themselves when they're already working -- we want to give those firms a bonus for helping people on welfare find their first job. And we want to help States and communities give businesses more incentives to hire welfare recipients.

These are the things that we can do. We can also give greater investments into those areas, as I said, where there are a whole lot of people who are unemployed, including large welfare populations, because we may not be able to get enough private sector jobs in the short run.

But in the end -- we can do all this, we can do every bit of it, but if we don't have more people like Noah Liff, we're not going to make it. If we don't have more people like the nearly 50 business

leaders who have already agreed to participate here in Tennessee, we're not going to make it.

So I ask you, every one of you, just think what would happen if every business, every nonprofit, every university, every school, and every church, synagogue, and religious institution in this country took what used to go to the welfare recipient in the welfare check as a supplement and hired just one person -- just one person -- and took responsibility for training that person, making sure their kids were okay and going forward. Just think about it. Think what we could do. We can revolutionize this. This would be over. Just one person.

I should emphasize -- Governor McWherter reminded me, you know, he plays like he's not interested in policy, but he's a policy wonk in his rural clothing. [Laughter] He said, "Now when you get up there tonight, Mr. President, don't forget to tell them that in Tennessee we also guarantee that if these people have to go to work in a place that doesn't have health insurance, we set it up so they can keep their health insurance under Medicaid for a good while. And then after a certain amount of time, under TennCare, they can buy in at a rate they can afford to keep their health insurance even more." That's also important. You're doing that.

It's amazing to me the excitement here. The Governor of North Carolina told me he was in Charlotte the other day talking to 4,000 people at the Charlotte Chamber of Commerce, and he said before he got out the door, 25 percent of them had volunteered to help.

The other day in Missouri, the CEO of Monsanto asked all his division heads to study every aspect of their company to see what they could do to hire as many people off welfare as possible in Monsanto, and to -- I hesitate to use the word, but "lean on" their suppliers and other business contacts to ask them to do the same thing.

The CEO of Sprint pledged to provide an 800 number that any employer in America can call to find out how to move people off welfare. A few weeks ago in Connecticut, hundreds of business leaders pledged that their companies would help us to meet this challenge. Last week in Louisiana, the CEO of Northrop Grumman, a company that makes a lot of products important to our national defense, did the same.

But this Tennessee Business Partnership is especially impressive. From Fortune 500 companies to Opryland, to companies like the recycling business that Noah described, it represents your whole business community. Just remember what I said: If every company would just hire one person, and not just companies but nonprofits and universities and religious institutions, we would whip this thing. And if every State will form a partnership like the Tennessee Business Partnership, we will work with them to get this job done.

I want to say again: We passed a law; that's a good thing. The law didn't change anybody's lives. And if we don't change the lives, benefits will someday be cut off, but we won't be creating jobs and building new futures for those people and their children. That's the important thing.

The other day I was in Florida, where I met with four very impressive women who were working themselves off welfare. And it was phenomenal to me -- I asked them all, "Why are you doing this?" And they gave all of the obvious answers. And I said, "What's the most important thing about it?" And all four of them said, "We want our children to look up to us. We want our children to be proud of us, and we want to feel good because we know we're supporting our kids." All four of them said that.

And you know, more than 10 years ago -- I've told this story many times, but I was at a Governor's meeting when we were talking about reforming the welfare system, and I brought a woman from Arkansas there, and I asked her what the best thing about being off welfare was. And she said, "When my boy goes to school and they say what does your mama do for a living, he can give an answer." He can give an answer.

Now, I have kept in touch with that woman for 10 years, and she introduced me the day I signed

the welfare reform bill. She has four children now, this lady who was trapped in welfare. One of them has a good job; one of them is studying to be a doctor; one is in a technical school; the other one is a high school honor student. I'd say welfare reform worked for her. And it will work for nearly everybody if the rest of us will just create enough opportunity for all of those people who are dying to have it.

Now, I want to say, finally, we have got to take this law and make it live in the lives of our people. We can take poverty out of politics. We can give it back to the community. There will always be a time when the economy is better and the economy is worse. There will always be people who will hit a little rough patch in life and have trouble. But we do not need to have a nation with a huge number of people who are physically isolated from the rest of us living lives they can never break out of. We have all permitted that to happen; now it is time for all of us to stop that from happening and chart a bright new future to the 21st century.

Thank you, and God bless you.

NOTE: The President spoke at 6:41 p.m. in the Langford Auditorium at the Vanderbilt University Medical Center. In his remarks, he referred to Joe Wyatt, chancellor, Vanderbilt University; Roscoe "Ike" Robinson, vice chancellor for health affairs, Vanderbilt University Medical Center; Justin Dart, former chair, President's Committee on Employment of People With Disabilities; Noah Liff, chairman, Steiner Liff Iron and Metal Co.; and former Gov. Ned McWherter of Tennessee.

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THE WHITE HOUSE

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For Immediate Release

February 18, 1997

REMARKS BY THE PRESIDENT
IN ROUNDTABLE DISCUSSION ON WELFARE REFORM

Riverside Church
New York, New York

11:07 A.M. EST

THE PRESIDENT: I now know that I came here because after a long holiday weekend I needed a little good preaching to wake up for the rest of the week. (Laughter.)

Let me thank you, Dr. Forbes, for welcoming me here, and, Dr. Washington, for giving me the chance just before we began to walk through the beautiful sanctuary upstairs, which I have heard about and known about for many years -- the legendary story of Harry Emerson Fosdick and John D. Rockefeller even made its way to me many years ago.

I want to thank Senator Moynihan and Congressman Rangel for being here, as well as Congresswoman Nydia Velazquez and Congresswoman Carol Maloney, thank you for being here. The members of the panel, thank you all. I want to especially say a word of thanks to Secretary of Health and Human Services Donna Shalala who literally just got off an airplane this morning from South Africa, where she went with the Vice President -- and got off one airplane and got on mine and came here. So if she nods out during the ceremony -- (laughter) -- we will forgive her.

Let me get right to business. I came here because I wanted to know a little about what this church is doing and because I wanted to say to the people of New York City and New York what is required of us to do together under this welfare reform law.

By way of background, in the last four years and before the law was passed, before the law was changed -- the welfare rolls in America were reduced by almost 2.3 million. I received just yesterday an analysis by the Council of Economic Advisors -- and that's a record, by the way -- the welfare rolls had never gone down by that much in a four-year period before -- the Council of Economic Advisors saying to me that they thought about half of the welfare rolls reduction had come because the economy had improved. We, after all, had 11.5 million new jobs in the last four years and no four-year period had produced that many before. But about 30 percent of these jobs had materialized, or this movement had materialized, because of the welfare reform efforts already going on in 43 states -- people in the states making an extra effort to move people from welfare to work. And about 20 percent happened for reasons that cannot be identified. But, among other things, we had a 50 percent increase in child support collections over the last four years, and anything of that magnitude always enables some people to move out of the welfare rolls and out of the ranks of poverty.

Now, that's what happened in the last four years. In the

next four years -- I won't go through all the details of it, but Secretary Shalala and my staff have provided me with an analysis which says that, in essence, the welfare roll law now says that after a certain amount of time everybody who's able to work should be in the work force and, therefore, welfare can't be for a lifetime. And then there are all kinds of rules and regulations and requirements. But the bottom line is we have to move about a million people from the welfare rolls to the work rolls in the next four years. That's about the same number of people we moved in the last four years, because the average welfare family actually has about 2.5, 2.7 people in it.

Now, the problem is in the last four years we had 11.5 million jobs. If we can produce 11.5 million jobs in the next four years we'll be doing fine. But we have to do it without knowing that for sure. And how are we going to do this? That's what I want to talk about today. And, more importantly, how can we not just use move people for a month or two, or three or four or five or six months, into a job, but how can we help people who have been trapped in a culture of dependence and poverty to move to a culture of independence, family, and work?

I think it is fair to assume that whenever you reduce the welfare rolls, the people who are most employable move off first. Therefore, the people who are left may be more difficult to employ than the ones who have already moved.

I want to talk about just three or four things that we intend to continue to do. Number one, we believe that child support collections will continue to increase because we've made significant changes in the law to help us do that.

Number two, we have asked the Congress to pass a bill which would give employers who hire people from welfare to work or who hire single men off food stamps, who have no income and get food stamps, into the work force would get a 50-percent tax credit for a salary of up to \$10,000. So a maximum tax credit -- actual reduction of the tax bill of \$5,000, which is quite a significant incentive.

Thirdly, we recommend funds to states and to cities sufficient to create about 380,000 jobs in the public sector over the next four years.

Fourthly, I would remind you that the existing law provides for now more funds for child care than before -- \$4 billion -- and continuing support for health care for people who have public assistance and who move into the work force.

Now, in addition to that, if you look at this pattern, I also want to point out that the state has some flexibility right now. The State of New York, for example, right now, can offer all or part of a monthly welfare check to an employer as a wage and training subsidy if the employer will hire someone off welfare. For a single man on food stamps, but with no welfare check, the State of New York can cash out the food stamps and give it to the employer as a wage and training subsidy under the new law.

Some states -- Secretary Shalala and I will work together to give some states the flexibility under the old law, and the results, the preliminary results are quite encouraging. The State of Florida has just announced a program to try this.

How are we going to get all these people jobs? Let me give you some numbers. This country has 826,000 private sector business employers with 20 or more employees. A lot of them have a lot more than 20 employees. We have 1.1 million nonprofit organizations; many of them

are large enough to hire someone else. We have 135,000 religious -- churches, synagogues, mosques and others with 200 or more members. Obviously, if half that many -- 50 percent of them hired one person, we could get there. And a lot of the big companies can hire more than one.

The point I want to make is that this is a manageable problem, if you look at the tax credits, if you look at the cash incentives that the states can offer. It's a manageable problem. But it will not work unless out of this we create what Dr. Forbes talked about at the beginning, in this partnership of hope here.

We have got to create a community-based system, supporting work and family, to make welfare a transitional program that is a program of support and movement to independence. The way the law is written we have several years to phase in what has to be done, but we've worked out the numbers. We think we have to move another million people from the welfare rolls into the job market, which would reduce the overall rolls by about almost 3 million if we did that, with the children.

So that's the background. Those are the incentives we can bring to the table. But we have to have your help to set up this network.

Let me just say one other thing that has particular impacts New York and five or six other states. I think it is imperative that in this budget we are about to pass that Congress include the provisions that I have recommended to restore benefits to legal immigrants who have been damaged and have health and other problems through no faults of their own. And I assure you I intend to fight hard for that, and I know that your delegation will, but we need your support. The Congress needs to understand that there are an awful lot of people who came here legally who are not on welfare, who are out working, who are paying taxes and who wound up getting hurt and needing disability or health benefits through no fault of their own, and I think it's a mistake to cut them off. And so we're working on that and I'd ask for your help on that. (Applause.)

I'd like to turn the program back over to Dr. Forbes, but let me just say again, we've moved about a million people into the work force in the last four years and reduced the welfare rolls by 2.3 million. To meet the requirements of the law it is a calculation of the Department of Health and Human Services we have to meet another million in the next four years. We may or may not create 11.5 million new jobs in the next four years. If we did it twice in a row it would be something for sure. Whether or not we do, we have to do that. We can only do it if churches, nonprofits and private employers make maximum use of tax credits; if the cities and states get the funds that I recommended to hire people in the public sector; and if the states provide the kind of flexibility to private employers everywhere in America that some have done in some places.

You should know that Indiana and Wisconsin reduced their welfare rolls by 40 percent in the last four years -- 40 percent -- by aggressive efforts, and without particularly ungenerous programs either, just aggressive efforts. This can be done and I need your help to do it. And I do think it's part of all of our mission in life, Doctor, to do this, anyway.

Thank you. (Applause.)

* * * * *

THE PRESIDENT: Let me say, with all respect, I don't think it's that simple. I don't think it's accurate to say that this bill destroys the safety net for poor people. It maintains a federal guarantee for poor women and children for nutrition, a federal guarantee for health care, spends \$4 billion more on child care, and says, simply, that is you are able bodied, you cannot stay on welfare forever without going into the work force. And the way the work participation requirements were put on states, by the year 2000 about 40 percent of all the able-bodied people in the welfare -- able-bodied adults have to be in -- have had some work experience within a given two-year period. That's what it says.

Now, hardly -- and when you consider the fact that the welfare population, Earl, is different than it used to be, and that there are some people who are on it perpetually, I think it is a good thing, not a bad thing, that we did that.

Number two, I do not think it is so simple to say that at any given moment in time there are a fixed number of people who have to be hired by all the employers in America, and if they hire a few more they're all going down the tubes and lose money. This bill that I have proposed will give a 50 percent tax credit, up to \$5,000 a year, for people who hire people. That means you can hire somebody for \$10,000 a year and, in effect, the out-of-pocket cost to you is less than the minimum wage.

I met a man with only 25 employees in Kansas City, and five of his employees were former welfare recipients. And they were happy at work and he was happy with them. And he only hired them because he figured that the marginal cost of hiring them, since he got the welfare check as a wage subsidy for a couple of years, lowered his risk of adding to the work force. And, sure enough, when he added to the work force, he generated some more work and it turned out to be a profitable decision for him.

I talked to a former governor last week who's back in private business, who's got a small business, who told me once I explained the proposal to him that he would now go hire three or four people from the welfare rolls because it lowered the marginal cost of adding employees to him. And there is no reason to believe, if we all work on this, that we can't create another million jobs over four years without bankrupting businesses, and that it wouldn't be better for people who otherwise are going to be permanently dependent on welfare.

And it is not true that we have withdrawn all supports. We are spending more on child care. I want to also spend \$3 billion on public service related jobs to create over a third of a million there. And the health care and the nutrition guarantees are still there. So I think it will be a good thing if we make this work, but there is no automatic system for doing it and that's why we need your help.

* * * * *

THE PRESIDENT: Let me say this, first of all, I agree with what you said about people being in college -- I don't think -- people who are going to college who are full-time students -- we are looking at whether -- if there's some way to get -- to deal with that because I don't think people should be pulled out of college. I agree with that. (Applause.)

Secondly, for one thing, you just -- from the point of view of the State of New York, this is a -- we need to -- we're trying to work this out because the states basically have control of this -- the

State of New York would be much better with you as a college graduate, which is the point you tried to make. So I believe that.

Now, the other problem is these training programs essentially are all run by the states and the cities. But I will do some -- you've given me some things that we need to obviously do some work on. We need to make sure that there is an adequate training and preparation. That's one of the things I know that you've talked about what you can do here because an awful lot of people who move from welfare who are just thrown into these jobs don't last because they were never prepared for them in the first place and they're traumatized as a result of it. And oftentimes, just basic preparation of a few months can make a -- a few weeks even -- can make all the difference in the world. So we'll go back and do -- we will pay some more attention to that.

But on the college education thing, I think you're right, and I think we ought to find some way to accommodate that and we're working on that. (Applause.)

* * * * *

THE PRESIDENT: If I could just make one point on that. Next to education and child care, the thing we hear most all around the country from people who seek to move from welfare to work or very often even to go to college is whether they have adequate transportation. And this ISTEA act that Lou just mentioned, which is -- it took me a long time to remember what all those little letters were for. But the bottom line is, I asked the new Secretary of Transportation, Rodney Slater, to look at that to see that we were allocating enough money in here not only for mass transit, but also for the appropriate subsidies to make sure that poor people could have access to this. Otherwise, they won't be able to get to work.

And this is an interesting opportunity for New York to make an alliance with smaller cities. For example, there was just a study on Atlanta, which said that in something like 80 percent of the entry-level jobs in the city of Atlanta were filled by people who lived in low-income neighborhoods in Atlanta. In the suburban towns outside just that touch Atlanta, only 55 percent were. And it was clearly the result of the inadequate ability of low-income people to access transportation to get there.

So this is a huge issue, Lou. It's a huge issue for welfare reform and basically for the integrity of poor families to be able to sort of aspire and move and do things.

Senator, were you going to say something about this?

SENATOR MOYNIHAN: Yes. We very much appreciate your endorsing the existing formula, Mr. President. (Laughter and applause.)

THE PRESIDENT: Is that what I did?

SENATOR MOYNIHAN: Wyoming, Montana --

THE PRESIDENT: I thought we could do a little better on mass transit.

SENATOR MOYNIHAN: The newspapers out there, did you hear that? (Laughter.)

THE PRESIDENT: Never misses the lick. (Laughter.)

* * * * *

THE PRESIDENT: Let me say, as I'm sure you know, all the members of Congress who are present here supported the efforts we made last year to raise the minimum wage. And that, plus doubling the earned income tax credit, the refundable earned income tax credit for lower income working people, led in 1995, before the minimum wage even went into -- we had the biggest drop in poverty, in the poverty rate, among single women with children in 20 years.

And so I couldn't agree with you more. We have still 20 percent of our kids living in poverty. And it's not very complicated. I mean, it's the reverse of why we have lowered the poverty rate among our seniors to 11 percent, and it's the lowest it's ever been in history because we met a national, common commitment to investing in retirement and health care for seniors. And one of the things that I earnestly hope we can do is to -- in the next two years is to do something really significant to deal with the fact there's still 10 million children in our country without health care. And they're not primarily people who are presently on public assistance because they're eligible for Medicaid.

But education, health care and safety are the three big priorities that we have for our children. And I think they're all very important and we're nowhere near where we ought to be.

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THE PRESIDENT: Let me just say very briefly, I think you're right on both counts. We have five American corporations including UPS and Sprint, Monsanto, Burger King -- and somebody I've left out -- United Airlines -- who have agreed to head a national effort to get major corporations to hire and train people in good jobs.

The second point you made, though, is absolutely right, we have to have -- this will not work unless we also have a floor plan for publicly-financed jobs for people in training programs in the beginning, and also just continuing support for higher education. I'll give you an example. We've been working very hard for months now to try to get a new agreement among the world's nations on telecommunications services, giving American companies the right to compete in other countries for telecommunications services. We finally got an agreement that was far better than I ever dreamed we could get. It is estimated it will bring a million new jobs to America -- this one agreement -- a million new jobs over the next 10 years, but not one of those new jobs will be a low-skilled job. Every one of those jobs will require a level of skills and education that the folks that want to go to work, but don't have those skills, desperately need.

* * * * *

THE PRESIDENT: One of the best things we did in the last session of Congress, in the last days, was to add 200,000 more work-study slots. There was another 100,000 in my new budget. If they pass we will go to a million people on work-study in this country in the next two years.

If we can do that, surely -- if you think about the numbers you're talking about, you're talking about maybe 100,000 nationwide of

the million people that must be in the work force -- surely we can get some consideration for permitting a certain number of hours worked on the campus in connection with elections. I want to say that I think the one thing that I know that is not working the way this thing is being applied now is rules that, in effect, force people out of college. You know, we're cutting off our nose to spite our face. These are not people who do not want to work. So I will work on that for you. (Applause.)

* * * * *

Q Mr. President, in relationship to your coming to be with us and your announcing your concern for Partnership of Hope, we have created this, a symbol of our determination not to quit until we have really announced that there is significant progress towards narrowing the gap between the haves and have-nots. We call it Emancipation From Poverty.

The symbol, you will observe, has red, white and blue. That's the evidence that we are committed to your leadership and to the well-being of our nation. And then you see the yellow, which is our symbol of hope, something you know something about in a very special way because that's where you're from.

And so we want you to look at this symbol until we translate it into quality movement towards changing the whole spirit of the nation so that everybody understands it's a spiritual issue and that if we are interested in being blessed of the God we serve, we will not stop until every child of God has a fair opportunity to work and to thrive.

THE PRESIDENT: Thank you. (Applause.)

END

12:10 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary
(Kansas City, Missouri)

For Immediate Release

June 14, 1994

BACKGROUND BRIEFING
BY
SENIOR ADMINISTRATION OFFICIALS

Commerce Bank
Kansas City, Missouri

2:00 P.M. CDT

SENIOR ADMINISTRATION OFFICIAL: Good afternoon. We're going to do a BACKGROUND BRIEFING here. The ground rules are, we're senior administration officials. I'm going to make a few comments about the general issue, and then we'll be happy to take any questions you may have.

First of all, as you can see from the President's speech, welfare reform is an issue that has been important to him for a long time. He worked on this issue as governor of Arkansas. He was head of the NGA's task force on welfare reform, which helped lead to the Family Support Act, which he helped author with Senator Moynihan and others in 1988.

And in the campaign, he said, first at Georgetown and then throughout the rest of the campaign, that it was time to end welfare as we know it. He took steps early in the administration to begin to do that, which he alluded to today. The first was the dramatic expansion of the earned income tax credit, which is a tax cut for working families which will help lift 15 million families out of poverty, turns a minimum wage job into a \$6.00 an hour job. And it will enable us to make good on the President's pledge that no one who works full-time with a child at home should be poor.

Welfare reform is also closely tied to another core element of the President's agenda -- health care. As he said, we can't have serious welfare reform without serious health care reform. We need to make work more attractive than welfare, and health reform is essential to doing that. And then, finally, it's part of his larger economic plan -- and the figures, as he gave you in his speech, 3.4 million jobs created in the last 17 months, 3.1 million of those in the private sector.

This is a very dramatic departure for the welfare system. These are the first time limits and serious work requirements in the history of welfare, the toughest child support enforcement measures ever proposed by any administration, and a focus on the next generation with the first true national campaign against teen pregnancy and out-of-wedlock births -- an issue that was first raised to the national scene in 1965 when Senator Moynihan published the Moynihan Report.

We also think that it will have very dramatic impacts; that these reforms taken together -- EITC, health reform and welfare reform -- will move one million people who would

otherwise be on welfare off of welfare or into work by the year 2000; that we'll be able to double the amount of federal child support collection from \$9 billion to \$20 billion over that period; and that we'll also be able to achieve significant savings from reduced caseloads and welfare fraud.

Let me just say one word about the political climate that this package comes out in. The President wants very much for welfare reform to be a bipartisan issue. It has always been a bipartisan issue across the country for governors. He wants to work hand in hand with Democrats and Republicans. We tried to reach out to Democrats and Republicans in developing this plan, and we've gotten a very positive response.

Yesterday the House Minority Whip, Newt Gingrich, said that our welfare reform plan was, "a step in the right direction." We've also gotten positive signs from other Republicans in the House, and you should have a copy of a bipartisan letter that was signed by the National Governors Association with the signature of Carroll Campbell, John Engler, as well as the leading Democrats on this issue -- Howard Dean and Tom Carper. And we hope that it remains a bipartisan debate. Work and responsibility aren't Republican values or Democratic values, they're American values. And we ought to work on them together.

There will undoubtedly be in the days to come reactions from the far extremes, but the vast majority of the American people are with us on this. And when as many Americans want something as badly as the people want welfare reform, sooner or later it's going to happen.

I'm sure you've got specific questions about the plan, and why don't we turn to them.

Q I wonder, on WORK -- first of all, is that an acronym or is that -- it's not. It's called the WORK -- all caps -- program.

SENIOR ADMINISTRATION OFFICIAL: It's a value.

Q Okay. On something about that, is that a registry of jobs? Is it a referral service? How is it going to work?

SENIOR ADMINISTRATION OFFICIAL: The way the system works is that people on welfare will be subject to a two-year time limit during which time they can get training, child care, and so on. At the end of the two years at the most, people will be required to move into work. Every effort will be made throughout the program to try to move them into the private sector, including up-front job search when they first come on the welfare rolls, and training that is connected to the job as much as possible. But if after two years they're still on welfare, then they'll be required to take a subsidized job either in the public sector or in community service.

SENIOR ADMINISTRATION OFFICIAL: Essentially after the two years, the money you would have spent on the welfare check plus some additional money for job development will be used to find jobs for people in a subsidized job when they've been unable to find an unsubsidized job. It may be subsidized private sector jobs. It may be working with local nonprofits, where you say, we'll pay the wages if you'll provide the supervision. It may be a job, say, with local government. So the idea is you

take the money and you redirect it towards getting people work that they would --

Q At that point, there's no more AFDC, there's no more food stamps or the card or any of that? The benefits are gone at that point?

SENIOR ADMINISTRATION OFFICIAL: This is only affecting the AFDC check. The food stamp program, Medicaid coverage and so forth are still continuing.

Q What's the mechanism for verifying the different facets of this program, for verifying that people are indeed seeking jobs and not turning jobs down haphazardly, the verification for the child support elements? Aren't you getting into a whole new bureaucracy or department here?

SENIOR ADMINISTRATION OFFICIAL: This program puts new challenges to local welfare agencies which are already in the business of making sure that people are eligible for the benefits that they receive. What we want to do, though, is change the culture of the welfare office from one which simply focuses on filling out forms and making sure you have documentation to one which helps you get into work.

Q Well, isn't that going to put a heck of a burden on the local welfare offices?

SENIOR ADMINISTRATION OFFICIAL: It's going to be a real challenge. And that's one of the reasons that we think a responsible phase-in of this program is so important, because local welfare offices are going to have a big job to do in getting ready to do this new program.

SENIOR ADMINISTRATION OFFICIAL: One other point is we are investing heavily in some new technology so that we'll be able to trace people as they move across states and make sure they pay their child support, so we'll be able to link quickly information about who's on welfare with information about who's taken jobs and what other benefits they're getting. So we're investing the technology that will make a lot of this more easy.

Q What assumptions have you made in order to produce your figures about what's going to happen in the year 2000? For example, how do you know in the year 2000 that so many will have found work and so many people will be in government-subsidized jobs, et cetera?

SENIOR ADMINISTRATION OFFICIAL: The question, for those of you here and back in Washington who couldn't hear it -- what assumptions have we made about impacts by the year 2000. Fortunately, there have been a variety of states that have been experimenting so far with a variety of work-welfare demonstrations. We have very reliable information about the impact of those programs, and what we've tried to do is be very conservative in terms of determining what the impact has been of past programs and use that in extrapolating what will happen in the future.

We also have very detailed information about how long people stay on welfare, how many move off quickly. Seventy percent, for example, move off within the first two years. Some of them come back. So we've used that information about the current case load, about current programs, to project, again, as carefully and conservatively as we can about what will happen in

the year 2000.

Q But you must have used some economic assumptions, too?

SENIOR ADMINISTRATION OFFICIAL: We basically have stayed with the current set of economic assumptions. We're assuming it, we're acknowledging the case load will continue to grow, other kinds of things. I think when CBO scores this, you'll discover that we've been fairly conservative.

Q Is there a point when that curve goes down?

SENIOR ADMINISTRATION OFFICIAL: I think that for purposes of our impacts numbers, we have, as my colleague said, used very conservative estimates and not tried to posit the kind of behavioral changes that we cannot demonstrate to CBO. So that we think that the reforms in our plan will actually have greater impact than what we've told you here today. But this is the most that we can take credit for under the scoring rules.

Q Let me repeat the question. Is there a point at which the curve will go down? Have you said that, or have you predicted that, or are you not predicting there will ever be any drop in --

SENIOR ADMINISTRATION OFFICIAL: Well, I think that depends on our success in addressing the factors that are making the caseload go up, including reducing the number of births outside marriage, which is the number-one factor that's driving the increase in the caseload.

Q I'm asking you to go beyond what the conditions are that would affect that, and tell me what your predicted outcome is. I think this lady's indicating -- she's nodding. Do you have an answer? You were nodding.

SENIOR ADMINISTRATION OFFICIAL: You have the numbers, don't you?

SENIOR ADMINISTRATION OFFICIAL: Again, we'll have to -- I'll have to look at the numbers. We have not -- we don't have a specific turning point or something like that.

Q that should do anything but level it off?

SENIOR ADMINISTRATION OFFICIAL: That's what we're looking for.

SENIOR ADMINISTRATION OFFICIAL: Enough said.

Q You're proposing to spend \$1.2 billion over the five years on jobs. What happens if it turns out to be harder for people to get nonsubsidized jobs than you expect? Do you spend more? Do people not work? What happens with that?

SENIOR ADMINISTRATION OFFICIAL: The amount of money available for the jobs and work program will go up if unemployment is unexpectedly high either at the national level or in local labor markets.

SENIOR ADMINISTRATION OFFICIAL: But, so you understand, it's a capped entitlement. The amount of money available for the work program will be set at cap levels similar to the current jobs program, which we think will be plenty to

meet the need.

Q I don't think I followed that entirely.

Q What if it's not plenty? What if people cannot find jobs, and you're up to the cap on your subsidy for jobs? Do they continue to receive cash benefits, or do you raise the amount you're spending on subsidized jobs?

SENIOR ADMINISTRATION OFFICIAL: We've tried to be very conservative. We really do think the money will be there. But the protection is clearly this: If you have played by the rules, if you've done everything we've asked of you, our expectation is that you can still support your family.

Q Can you answer our question, because we don't know what that means?

SENIOR ADMINISTRATION OFFICIAL: That means is, if you come to the end of the line and there isn't a job there for you, you can continue to receive benefits. But the key is, we're going to focus those work slots on the people as they hit the time limit. So we believe those work slots will be there.

Q Can I ask one other financing question? You have \$1.5 billion that you project you're going to save from cutting rolls and reducing fraud. People have been trying to get fraud out of the welfare program for a number of years. What's the basis for that assumption?

SENIOR ADMINISTRATION OFFICIAL: The basis for our estimates on fraud, which are actually a small portion of that -- most of it comes from reduced caseloads -- have to do with the investments in automation that we are making. And again, we have experience from many states which have done computer matching, computer matching across state lines and so on. We have made very, very conservative estimates on this side, as well as on the caseload side.

Q Why do you think caseloads are going to go down?

SENIOR ADMINISTRATION OFFICIAL: Because, again, we have evidence from existing work-welfare programs that when you invest in people, when you give them an alternative, they actually go to work. And in addition, if we also do things like health reform, we've done the earned income tax credit -- you've seen the people upstairs -- there's just clear evidence that people want to leave welfare for work. And I think if we give them the opportunity, that will happen.

Q The presumption is that probably we're not going to have a bill passed this year. I think it's shared by certainly some folks in the administration and a lot of people in Congress. If that's the case, what are you planning for next year? And might you get a more richly funded program actually put in the budget for the coming second chance?

SENIOR ADMINISTRATION OFFICIAL: I think, as the President said, we believe that this issue could catch fire. There's strong bipartisan support for this concept. The kind of things that are left to argue about are relatively small -- the Mainstream Forum bill, which is the moderate Democratic bill; the House Republican bill, our bill are all substantially similar. We've got some differences over the financing. But the truth is

that this -- this could catch fire, and if that happens that will be great.

Q And if it doesn't, will you come back with --

SENIOR ADMINISTRATION OFFICIAL: And if it doesn't, we will come back and come forward with a bill next year as well.

Q Are we going to see him increasingly talk about this teen pregnancy issue? Is this the start of some kind of a --

SENIOR ADMINISTRATION OFFICIAL: Yes, I think this issue is something that he feels very strongly about. It's not the first time he's talked about it. One of the most moving speeches he's given in the administration was when he went to Kramer High School in Washington. And it really is driving a lot of the other problems that we find ourselves having to deal with. And I think, again, it's an issue that hasn't gotten a lot of attention over the last 30 years. And it's something on which the two parties don't have to disagree.

THE PRESS: Thank you.

END2:16 P.M. CDT

THE WHITE HOUSE

Office of the Press Secretary
(Kansas City, Missouri)

For Immediate Release

June 14, 1994

REMARKS BY THE PRESIDENT
TO OFFICIALS OF MISSOURI AND
PARTICIPANTS OF THE FUTURE NOW PROGRAM

Commerce Bank
Kansas City, Missouri

1:12 P.M. CDT

THE PRESIDENT: Thank you very much. Thank you, ladies and gentlemen, for that warm introduction and welcome. And thank you, Yolanda Magee, for presenting me today, and far more importantly, for presenting such a good example of a young American determined to be a good parent and a good worker and a successful citizen.

Thank you, Mr. Kemper, for giving her a chance to be all that. Thank you, Congressman Wheat, for your leadership on welfare reform. And thank you, Mayor Cleaver, for your leadership on this issue.

Thank you, Governor Carnahan, for proving once again that the states, just as James Madison and Thomas Jefferson intended, are still the laboratories of democracy, still capable of leading the way to change things that don't work in this country, and to unleash the potential of our citizens. This is a remarkable welfare reform plan that you have put together.

I'd like to thank also Secretary Shalala for her work here. Many people in the White House and in the Department of Health and Human Services worked with people all over America in putting this welfare reform plan together today. I thank them all.

Ladies and gentlemen, this is an important day for me because I have worked on this issue for about 14 years and I care a great deal about it. I came out here to the heart of America, to a bank where Harry Truman had his first job, to talk about the values that sustain us all as citizens and as Americans: faith and family, work and responsibility, community and opportunity.

Last week, on behalf of all Americans, I took a journey of remembrance -- many of you at least took it, too, through the television -- to honor the sacrifices of the people who led our invasions at D-Day and on the Italian peninsula. I came home from Normandy with a renewed sense, which I hope all of you share, of the work that we have to do in this time to be worthy of the sacrifices of that generation and to preserve this country for generations still to come.

The people who won World War II and rebuilt our country afterward were driven by certain bedrock values that have

made our country the strongest in history. Facing the dawn of a new century, it is up to us to take those same values to meet a new set of challenges.

Our challenge is different. Today we have to restore faith in the beginning in certain basic principles that our forebears took for granted -- the bond of family, the virtue of community, the dignity of work. That is really what I ran for president to try to do -- to restore our economy, to empower individuals and strengthen our communities, to make our government work for ordinary citizens again.

I think we've made a good beginning. In the last year and a half, we have reversed an economic trend that was leading us into deeper and deeper debt, less investment and a weaker economy. The Congress, as Congresswoman Danner and Congressman Wheat will attest, is about to put the finishing touches on a new budget which will give us three years of declining deficits in the federal accounts for the first time since Harry Truman was president. (Applause.)

We worked to expand trade and the frontiers of technology, to have tax incentives for small businesses and for working families on modest wages to keep them moving ahead. And the results are pretty clear. Our economy has produced about 3.4 million jobs in the first 17 months of this administration. So we're moving ahead.

We're trying to empower people with new systems for job training and community service and other options for young people to rebuild their communities and go to college. We're trying to make this government work again for ordinary citizens by reforming the way it works with our Reinventing Government Program that will lead us within five years to the smallest federal bureaucracy since John Kennedy was president -- doing more work than ever done before by the federal government that will lead the Congress, I hope, in just a couple of weeks to pass the most comprehensive anticrime bill in the history of the country; that is helping all of us to restore that bond that has to exist between a government and its people.

But I have to tell you that the challenge of the welfare system poses these issues, all of them in stark terms -- how to make the economy work, how to make the government work for ordinary citizens, how to empower individuals and strengthen communities. These difficulties are all present in the challenges presented by the current welfare system. There's no greater gap between our good intentions and our misguided consequences than you see in the welfare system.

It started for the right common purpose of helping people who fall by the wayside. And believe it or not, it still works that way for some -- people who just hit a rough spot in their lives and have to go on public assistance for awhile, and then they get themselves off and they do just fine. But for many the system has worked to undermine the very values that people need to put themselves and their lives back on track.

We have to repair the damaged bond between our people and their government, manifested in the way the welfare system works. We have to end welfare as we know it.

In a few days, as has already been said, I will send to Congress my plan to change the welfare system -- to change it from a system based on dependence to a system that works toward

independence -- (applause) -- thank you -- to change it so that the focus is clearly on work.

I also want to say that I developed a phrase over the last few years that would end welfare as we know it by saying welfare ought to be a second chance, not a way of life. One young woman I met a few moments ago said it ought to be a stepping stone, not a way of life. Maybe that's even better. But you have the idea.

Long before I became President, as I said, I worked with other governors and members of Congress of both parties. I worked on it with people who were on welfare, a lot of them. And let me say first of all to all those whom I invite to join this great national debate, if you really want to know what's wrong with the welfare system, talk to the people who are stuck in it or who have been on it. They want to change it more than most people you know. And if you give them half a chance, they will. (Applause.)

Before I came down to see you, I met with Yolanda Magee, and she told me her story. I also met with several other people who are now working in this area, who used to be on welfare -- people who get up every morning and go to work in factories or small businesses or banks, who do their best to take care of their children and to advance their capacity to succeed in our complex, modern society.

And I want to introduce them all to you and ask them to stand, so that when you look at them you'll know what this whole deal is about. And let me just -- they're over here -- Cathy Romero, who works at Lutheran Trinity Hospital. Stand up. (Applause.) Arlenda Moffitt, who works at Pitney Bowes Management Services. (Applause.) Vicki Phelps who works at Continuum Vantage Research. (Applause.) Birdella Smith at HOK Sports Facilities. (Applause.) Christine McDonald who works for Pepsi Cola. (Applause.) Mimi Fluker who works at Payless Cashways. (Applause.) Audrey Williams who works at Allied Security. (Applause.) Judy Sutton, a teacher in the Kansas City School District. (Applause.) And Tracy Varron, a home health registered nurse at Excelsior Spring City Hospital. (Applause.)

Now, every one of those American citizens at one point in her life was on welfare. Everyone now, thanks to programs and incentives and help with medical coverage and child care and training, and just helping people put their lives back together through the initiatives that have already been discussed here, is now a working American. And I say to you, if these American citizens can do this here in Kansas City, we ought to be able to do this in every community in the country. And we ought to be able to change the system -- (applause.)

How shall we change this system? Let me say first, I think we have to begin with responsibility -- with the elemental proposition that governments do not raise children; people do. (Applause.) And among other things, an awful lot of people are trapped in welfare because they are raising children on their own when the other parent of the child has refused to pay child support that is due, payable and -- (applause.)

This plan includes the toughest child support enforcement measures in the history of this country -- (applause) -- that go after the \$34 -- listen to this -- the \$34-billion gap in this country. That is, it is estimated that there are \$34 billion worth of ordered but uncollected child support today in

America -- \$34 billion.

How are we going to do that? First, by requiring both parents to be identified at a hospital when a baby's born. Second, by saying, if you don't provide for your children, you should have your wages garnished, your license suspended, you should be tracked across state lines. (Applause.) If necessary, you should have to work off what you owe. This is a very serious thing. We can no longer say that the business of bringing a child into the world carries no responsibility with it and that someone can walk away from it.

The second thing that responsibility means is not just going after people who aren't fulfilling it, but rewarding those who are being responsible. The system now does just the opposite. Just for example -- the welfare system will pay teen parents more to move out of their home than to stay there. In my opinion, that is wrong. We should encourage teen parents to live at home, stay in school, take responsibility for their own futures and their children's futures. And the financial incentives of the welfare system ought to do that instead of just the reverse. We have to change the signals we are sending here.

We also have to face the fact that we have a big welfare problem because the rate of children born out of wedlock, where there was no marriage, is going up dramatically. The rate of illegitimacy has literally quadrupled since Daniel Patrick Moynihan, now a Senator from New York, first called it to our attention 30 years ago. At the rate we're going, unless we reverse it, within 10 years more than half of our children will be born in homes where there has never been a marriage.

We must keep people from the need to go on welfare in the first place by emphasizing a national campaign against teen pregnancy, to send a powerful message that it is wrong to continue this trend, that children should not be born until parents are married and fully capable of taking care of them. (Applause.) And this trend did not develop overnight. There are many reasons for it. It will not be turned around overnight. But be sure of this: no government edict can do it.

This is a free country with hundreds of millions of people making their decisions, billions of them every day. To change a country on a profound issue like this requires the efforts of millions and millions and millions of you talking openly and honestly and freely about these things; talking to people who have lived through these experiences, and many of them doing the very best they can to be honorable and good parents; talking about what we can do to involve churches and civic clubs and groups of all kinds in this endeavor -- not to point the finger at people to drive them down or embarrass them, but to lift them up so that they can make the most of their lives, and so they can be good parents when the time comes to do that. (Applause.)

But let us be clear on this: No nation has ever found a substitute for the family. And over the course of human history, several have tried. No country has ever devised any sort of program that would substitute for the consistent, loving devotion and dedication and role-modeling of caring parents. We must do this work. This is not a government mission, this is an American mission. But we must do it if we want to succeed over the long run.

And let me say finally that if you strengthen the

families, we still can't change the welfare system unless it is rooted in getting people back to work. You can lecture people, you can encourage people, you can do whatever you want, but there has to be something at the end of the road for people who work hard and play by the rules. Work is the best social program this country ever devised. It gives hope and structure and meaning to our lives. All of us here who have our jobs would be lost without them.

Just stop for a moment sometime today and think about how much of your life is organized around your work -- how much of your family life, how much of your social life, not to mention your work life. Think about the extent to which you are defined by the friends you have at work, by the sense that you do a good job, by the regularity of the paycheck.

One of these fine women who's agreed to come here today said that one of the best things about being off welfare was getting the check and being able to go buy her own groceries every two weeks. That's a big deal. (Applause.)

So I say to you, we propose to offer people on welfare a simple contract. We will help you get the skills you need, but after two years, anyone who can go to work must go to work -- in the private sector, if possible; in a subsidized job, if necessary. But work is preferable to welfare. And it must be enforced.

Now, this plan will let communities do what's best for them. States can design their own programs, communities can design their own programs. This will support initiatives like the WEN program here, not take things away from them and substitute government programs.

We want to give communities a chance to put their people to work in child care, home care and other fields that are desperately needed. We want every community to do what you've done here in Kansas City -- to bring together business and civic and church leaders together to find out how you can make lasting jobs and lasting independence.

Let me say just a couple of other things. If you wish people to go to work, you also have to reward them for doing so. Now, a popular misconception is that a lot of people stay on welfare because the welfare check is so big. In fact, when you adjust it for inflation -- (laughter) -- right? When you adjust it for inflation, welfare checks are smaller than they were 20 years ago.

But there are things that do keep people on welfare. One is the tax burden of low wage work; another is the cost of child care; another is the cost of medical care. Now, a few years ago, I was active as a governor in helping to rewrite the welfare laws so that states were given the opportunity to offer some people the chance to get child care and medical care continued when they got off welfare and went to work for a period of transition. Several of these women have taken advantage of that. And they talked about it. (Applause.)

But we must do more. Last year when the Congress passed our economic program, they expanded the earned income tax credit dramatically, which lowered taxes on one in six working Americans working for modest wages so that there would never again be an incentive to stay on welfare instead of going to work. Instead of using the tax system to hold people in poverty,

we want to use the tax system to lift workers out of poverty.

That was one of the least known aspects of the economic program last year, but more than 10 times as many Missourians, for example, got an income tax cut as the 1.2 percent of the wealthiest people got an income tax increase. Why? Because you want to reward people who are out there working who are hovering just above the poverty line.

What's the next issue? In our bill, we provide some more transitional funds for child support to help people deal with that. That's important.

But thirdly, one of the most important reasons we should pass a health care reform bill that makes America join the ranks of every other advanced country in the world that provides health insurance to all its people is that today you have this bizarre situation where people on welfare, if they take a job in a place which doesn't offer health insurance, are asked to give up their children's health care, and go to work, earning money, paying taxes to pay for the health care of the children of people who didn't make the decision to go to work and stayed on welfare while they made the decision to go to work and gave up their children's health care coverage. That does not make any sense. And until we fix that, we will never close the circle and have a truly work-based system. (Applause.)

If we do the things we propose in this welfare reform program, even by the most conservative estimates, these changes together will move one million adults who would otherwise be on welfare into work or off welfare altogether by the year 2000.

And if we can change the whole value system, which has got us into the fix we're in today, the full savings over the long haul are more than we will ever be able to imagine, because the true issue on welfare, as Senator Moynihan said so many years ago, is not what it cost the taxpayers, it's what it cost the recipients. We should be worried about that.

And let me say, one of the most rewarding things that happened today in our little meeting before I came down was I asked all these fine ladies who are here, I said, now, if we were able to provide these services, do you believe that it should be mandatory to participate in this program? Every one of them said, absolutely. Absolutely. (Applause.)

So I ask you all here -- let us be honest. None of this will be easy to accomplish. We know what the problems are. And we know they did not develop overnight. But we have to make a beginning. We owe it to the next generation. We cannot permit millions and millions and millions of American children to be trapped in a cycle of dependency with people who are not responsible for bringing them into the world, with parents who are trapped in a system that doesn't develop their human capacity to live up to the fullest of their God-given abilities and to succeed as both workers and parents. We must break this cycle.

For this reason, this ought to be a bipartisan issue. Over the last 30 years, poor folks in this country have seen about all the political posturing they can stand -- one way or the other. (Applause.) Now, there are serious people in both political parties in Congress who have advanced proposals to change the welfare system. And I really believe that we have a chance finally to replace dependence with independence, welfare

with work.

I don't care who gets the credit for this if we can rebuild the American family; if we can strengthen our communities; if we can give every person on welfare the dignity, the pride, the direction, the strength, the sheer person power I felt coming out of these ladies that I spoke with today; if we can give people the pride that I sense from Yolanda's coworkers when she stood up here to introduce me today. This is not a partisan issue, this an American issue.

Let me tell you, several years ago when I was a governor of my state, I brought in governors from all over the country to a meeting in Washington, and then I brought in people from all over America who had been on welfare to talk to them. We had most of the governors there, and they were shocked. Most of them had never met anybody who'd been on welfare before. And there was a woman from my state who was asked a question. I had no idea what she was going to answer. She was asked about her job, and she talked about her job and how she got on the job. And she said -- and then she was asked by a governor, well, do you think enrollment in these programs ought to be mandatory? She said, I sure do.

And then a governor said, well, can you tell us what the best thing about being in a full-time job is? She said, yes, sir; when my boy goes to school, and they ask him, what does your mama do for a living, he can give an answer. (Applause.)

Ladies and gentlemen, I thank you for proving today that we can give every child in America a chance to give an answer. Let's go do it. Thank you. (Applause.)

END1:39 P.M. CDT

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 27, 1995

PRESS BRIEFING
BY
SECRETARY OF HHS, DONNA SHALALA

The Briefing Room

1:25 P.M. EST

SECRETARY SHALALA: Thank you, Laura. We should all pay tuition to listen to Laura Tyson.

Let me say just a few words and then I'll take your questions. Say a few words about the bipartisan welfare working session that will take place tomorrow morning. We have passed out -- and you should have the other details in your packet -- the attendees, including the bipartisan congressional leadership as well as the leadership of the National Governors Association, state legislators and others.

The purpose of the meeting, from the point of view of the President, is to listen and to lead a discussion that will produce interaction, obviously, from these officials. It is in the President's style. This is a man who has dealt with the welfare issue for almost 15 years. There is no President that knows more about welfare than President Clinton. He has a bipartisan history. He was one of the leaders that put together the 1988 Family Support Act. He's probably the only President that's ever sat in a welfare office and spoken to thousands of welfare recipients over the years, both in groups and individually.

We met today with four welfare recipients, the President and I. And I must say, it was -- we may read the literature, talk to welfare recipients over the years, work on welfare reform proposals, but when you sit with welfare recipients, you understand why the system must be changed and must fundamentally change. There is no question that each one of these welfare recipients told the story of a broken welfare system that was of little help in helping them get hand-up to get back into the work force.

Rather than telling you about them individually, let me tell you what they had in common. They all described welfare offices, actually in this metropolitan area, that never asked them what they could do to help them get off welfare; rather, sat there and decided what programs they were eligible for. Each one of them told a harrowing story of searching for training programs, for employment programs that would help them move from their situation. Each one of them told the story of the lack of follow-up on child support, court decisions by state officials. And each one told stories about caring people, once they had gotten into training programs or employment placement programs, that gave them the kind of self-confidence they needed to move on. They were success stories. And there are other stories in this welfare world that aren't as successful. But it -- I think that it told the President and me that we're on the right track, that fundamentally changing the system is what the goal must be.

Let me also say that we're very pleased with the progress that we're making. And the discussion the President will have tomorrow is part of a longer debate and discussion that's taking place. My colleagues and I in the Department of Health and Human Services have finished on the House side with the public hearings that we'll participate in. And it's clear that there is some bipartisan agreement. On moving welfare recipients from welfare to work, on parental responsibility -- holding both parents responsible -- on a major effort that this country must make to eliminate teen pregnancy and on state flexibility. All of these elements are in the bill the President sent up last year. They are all elements one way or another in the bills and in the ideas that the Republicans are now putting forward and debating themselves within their party and with their colleagues in the Democratic Party.

Q Will there be a new administration bill, is that what you're aiming toward coming out of these discussions, or what?

SECRETARY SHALALA: No, actually we do not expect the discussions to end up in specific proposals. We -- the four areas I outlined, welfare to work, parental responsibility and teen pregnancy, state flexibility, the areas where we would discuss and what we're -- what I think the President is trying to see is where the differences are, where the similarities are, and to get a feel for how the discussion is moving along. The discussion actually has shifted dramatically since we started this debate last year.

Q Does that mean that he will continue to stand by and fight for his bill or that he will propose to change it or what?

SECRETARY SHALALA: Well, first of all, he will continue to fight for the principles in his bill; and that is, he will not settle for incremental change in welfare reform. He does believe that we must have a bill that moves people from welfare to work. We must have a bill that holds both parents responsible, that has child support enforcement in it. We must have a bill that has state flexibility. And we have to make an effort to do something about teen pregnancy. He will stick to that.

Q He mentioned the teen pregnancy, a national initiative on it in the State of the Union speech Tuesday night but with no specifics. Can you expand on what he meant?

SECRETARY SHALALA: Just a little bit. We put in our bill last year a federal role in the teen pregnancy effort. And I would be the first one to admit that there is no federal program, no single federal program, no single government program that's going to solve the issue of teen pregnancy. It, in fact, is going to be solved in homes, in neighborhoods, in churches, in synagogues by a true national effort to make it very clear to teenagers to give them options in terms of their future, to make them think about their own behavior.

And part of the initiative that the President was indicating in his State of the Union speech was really challenging the private sector -- business, parents, churches, synagogues, other religious organizations -- to come together to build a truly national effort.

Q What you just said the President wants to fight for is very different than the message he gave in the State of the Union Address. I mean, he wasn't worried about incremental change the other night, he was worried about what he painted as a bill that would be too extremist and too draconian. Is that what you think the

Republicans are heading for or do you think now they're heading for incremental changes --

SECRETARY SHALALA: No, the complete opposite of either one. They're not headed for either incremental change or for extremist change. All of us, we believe, are beginning to move on welfare reform and getting closer to the center, which is where the President was in the first place. And by moving to the center, we're all talking about dramatic change. We're all talking about taking the current welfare system and moving it from a system that has incentives that increase dependency to a system that is temporary and transitional, that helps people when they are down on their luck that need the system to get a hand-up to move into the work force.

Q So you no longer think the Republicans then would put children in the street?

SECRETARY SHALALA: No, there are still elements of the Republican plan that would cut off large numbers of children who born to teenage mothers. But let me give you an example of how much movement there's been in the last couple of weeks. The Republican plan, we've been told now, will include child support enforcement. That is a big step from the contract that had very little language on child support. So what I'm trying to say is that there's positive movement here, and we see the President's meeting tomorrow, the discussion tomorrow, as continuing the momentum towards getting a real welfare reform bill out of Congress.

Q Secretary, how important do you think the governors ultimately will be in influencing the political process? And would you say -- it is your perception that a majority now support the Engler block grant approach?

SECRETARY SHALALA: I simply wouldn't comment on any particular approach. I would say that welfare reform has always -- and the welfare system in this country, the safety net system, whether we're talking about food stamps or AFDC, have always been a partnership, a state of federal partnership with, of course, participation by county officials who actually deliver the service in much of this country.

So that is the most important understanding to what's going on now. The governors were critical in the 1988 reform. I'm sure that they will continue to be significant players in this reform. And of course when you have a President that's a governor that sees this issue from the point of view of state and local officials, you can be assured that he listens carefully to his partners in this effort.

Q Secretary Shalala, why is it that last year the President and others in the administration said you couldn't possibly do welfare reform without first doing a massive overhaul of the health care system? What's changed? Was it just the election returns?

SECRETARY SHALALA: We actually have not changed the points that we have made about the need to have a support system. If you had sat in the room with us upstairs with the four welfare recipients, child care is critical. And the bills must have child care. No woman with young children is going to be able to get into the work force without being able to make arrangements for child care. In fact, 63 percent of welfare recipients in this country get off in a couple of years. They often come back into the system. And when you ask them why, it's child care and often health care.

The President asked each of these recipients detailed about their own health care arrangements, all of which reaffirmed what he has been saying about the importance of having some health care in place, particularly for their children. Their concern was about their children, not about themselves.

So when we talk about welfare reform, we talk about the need to have the other pieces there, too. The President indicated in the State of the Union speech that he very much wants to work in a bipartisan way with Congress to continue our discussions particularly to expand programs for working families.

Q So you now say you can do welfare reform without a massive overhaul of the health care system? Is that your position?

SECRETARY SHALALA: We always preferred to do health care, to do a comprehensive reform of the health care system for the repeated reasons. One was that cost containment was critical to us. Second, we believe very strongly that working families in this country ought to have health care and ought to have them available to them; that it's difficult to stand in line at a community health center or to go to an emergency room with a young child when you have an hourly job in which you can't easily get time off for that child.

So we are not backing off from our position that this country and that Congress ought to work with us and work on a bipartisan plan for health care, but we are moving ahead with a welfare bill.

Q What you said today about the campaign against teen pregnancy, it sounds as if the administration believes that there is no federal role in that campaign other than to challenge the private sector. Is that the case, or --

SECRETARY SHALALA: No, in fact we've made a proposal for a federal role in our own bill. And we intend to continue to pursue that. We see ourselves as partners with communities on the issue of teenage pregnancy. No one has ever said that the bully pulpit of the presidency, for instance, is critical in issues of values and morals in this country.

A program like the one that we suggested, which are grants to communities that will help communities organize on the issue of teenage pregnancy, making certain that we work with churches and with synagogues and with other religious leaders in this country to help to strengthen their roles as well as the critical roles of parents. I spent the weekend reading the literature of teenage pregnancy prevention. And what struck me was not only the role of the media in relationship to influencing young people, but particularly the role of siblings. There are sisters and brothers who were slightly older in influencing them.

What the President is saying about teenage pregnancy is that the White House has a role, the federal government has a role, but just as important are everybody else's role to reverse what is an extremely serious situation.

Q The White House during the health care debate never had a meeting like you're going to have tomorrow in terms of a bipartisan session with members of Congress, with governors, with other elected officials. Could you contrast the strategy in dealing with welfare reform versus health care reform?

DR. SHALALA: The answer is that we had numerous meetings with health care reform. All I remember is meetings on

health care reform up there. I lived in the Roosevelt Room with legislators, with state and local officials, with Republicans, with Democrats. There is a difference between this strategy and the health care reform strategy, and there should be. They're different politically, they're different substantively. We're building on the first step, which was the 1988 act that Senator Moynihan and then-Governor Clinton and congressional leaders put together with the NGA and with other officials. So that was the turning point on moving welfare into a transitional welfare-to-work program. We're building on that. And the politics of welfare differs somewhat from the politics of health care.

So we're -- each -- I would argue each major reform effort by this administration requires a strategy that fits in the political culture of the time. And that would cause a considerable difference. But I don't see the difference between this meeting and the numerous meetings that we had on health care.

We certainly are further along in terms of the hearings and having some bills up there. And what we see is an emerging consensus, though there are still significant differences.

Thank you very much.

END1:39 P.M. EST

THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

January 27, 1995

REMARKS BY THE PRESIDENT
IN PHOTO OPPORTUNITY WITH
FORMER AND CURRENT WELFARE RECIPIENTS

The Oval Office

10:30 A.M. EST

THE PRESIDENT: Is everyone in? This is a big pool today.

Q The O.J. trial is not on --

THE PRESIDENT: The O.J. trial hasn't started yet today, has it? (Laughter.) Thank goodness it's in California or you all wouldn't pay any attention to what we're doing. (Laughter.)

Q Have you been watching it?

THE PRESIDENT: I've seen a little of it. I saw a little of the argument last night.

I think all of you know, as I said in my State of the Union, perhaps the most important legislative issue Congress will take up this year is welfare reform. And I strongly believe we have to end the welfare system as we know it. Tomorrow I'm having a working session with members of the Congress, with representatives of state and local government.

But I wanted to begin this process by meeting with four people here who made the decision to choose work over welfare. I thank these women for coming in to meet with me, and I thank them for the work they've done to make the most of their own lives.

When we meet tomorrow, we need to be mindful of how this system has worked, what works about it, what doesn't work about it, what the human impact's going to be, and how we really can foster work and independence and good parenting. And that will be the focus of our discussion today and the focus of our discussion tomorrow.

One other point I'd like to make is that, today, we had the economic report on 1994, and we see now that last year we had the strongest economic growth in 10 years and the best combined rates of high growth and low inflation in 30 years. So we're moving in the right direction -- or, 25 years. We're moving in the right direction.

And as we take up these decisions in the Congress over the budget and over the things that we are going to do, I would say we have to keep in mind that the most important social program is a job, and the most important thing that we can do to get to the New Covenant of more opportunity and more responsibility is to make sure as we are working to legislate and to create more responsibility at the grass roots level, we also keep opportunity in mind. And so we've got to keep the economic recovery going. We've got to pass responsible welfare reform. And those are the two things that I want to emphasize today.

Q Mr. President, what worries you about some of the welfare remedies that are being proposed by Republicans in Congress?

THE PRESIDENT: Well, some of them seem to say that we should cut people off of assistance without regard to what will happen to their children and without regard to whether they will have an opportunity to get the skills they need to move into the work force. And I think that's the thing that bothers me most of all.

The other thing I wanted to do is to make sure that as we give more responsibility to the states, which is something I strongly support. We've given two dozen states permission to get out from under federal rules and regulations to try their own remedies. No one of us has all the answers to this. Nobody does, otherwise the problem would be solved.

But I want to make sure that we do not do it in a way that strongly disadvantages some states and helps others. I think we have to be fair to all states. Not every state at every point in time in the future will have the same percentage of its citizens eligible for welfare.

The third thing I want to point out is, I think it's important that we do not forget that a lot of people who go on public assistance will only do it one time in their lives, and do it because they hit a bump in the road, they have a marriage that breaks up, they lose a job, they have some personal misfortune. They're there for four or five months, six months, and then they get off, their lives are stabilized, it never happens again.

I think as we try to deal with the problem of long-term welfare dependency, we shouldn't forget and we shouldn't do anything that unduly burdens the people that never were in danger of being long-term welfare dependent, but do need some short-term help. Those are the three things that bother me most as we get ready to go into this debate.

I think that there is a genuine consensus across party lines, regional lines, incomes lines, racial lines that we ought to promote work and education and responsible parenting. I just want to make sure we don't fall into those other traps.

Q Mr. President, what do you think of the balanced budget?

Q Would your plan cost more at the beginning, though?

THE PRESIDENT: The plan I presented last year cost somewhere in the beginning -- I think we underestimated the savings. The more you invest in putting people to work, the quicker you will reduce long-term taxpayer costs. The more people are put into the work force, even if you have to spend some money to do it -- for example, we gave Oregon permission to take the welfare checks and actually use it by giving it to employers as a wage supplement. They wanted to try it, and we said have at it. I'm going to be very interested to see whether that works. Maybe a lot of states will do that. The government can't afford a lot of public service jobs. Maybe the answer is to let the welfare checks go as employer supplements, to pay those wage supplements.

But the point is that however we do it, the more we focus on work and giving people a living wage and an opportunity to work, the better off we'll be; that's another good argument for raising the minimum wage.

Q Mr. President, what do you think of the House passing the Balanced Budget Amendment? Are you for it?

THE PRESIDENT: I'm glad they adopted the Stenholm Amendment.

Q Are you?

THE PRESIDENT: Absolutely; it makes the bill much better. I still believe that if it's going to be presented to the country, they ought to tell the country what's involved -- what's involved. Let's have -- there's a right to know here. I'm all for open government, and I think there's a right to know what is involved. Let the people know what is involved -- both in the short run what will have to be cut and what, if any, downsides there are, what's going to happen when we get into a recession, how will that be impacted.

The people need more information about this before the legislators vote on it. If it's going to be sent out there, there ought to be a cover sheet showing how it would be done.

Thank you very much.

THE PRESS: Thank you.

END10:40 A.M. EST

The New York Times, August 23, 1996

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August 23, 1996, Friday, Late Edition - Final

SECTION: Section A; Page 1; Column 1; National Desk

LENGTH: 1303 words

HEADLINE: CLINTON SIGNS BILL CUTTING WELFARE; STATES IN NEW ROLE

BYLINE: By FRANCIS X. CLINES

DATELINE: WASHINGTON, Aug. 22

BODY:

In a sweeping reversal of Federal policy, President Clinton today ended six decades of guaranteed help to the nation's poorest children by signing into law a vast welfare overhaul requiring the 50 states to deal more directly with the social burdens and the budget expense of poverty.

"Today we are taking a historic chance to make welfare what it was meant to be: a second chance, not a way of life," Mr. Clinton declared in signing the measure, which will affect tens of millions of poor Americans, largely by mandating work requirements and imposing a five-year lifetime limit on welfare help to needy families.

With his signature, at a Rose Garden ceremony, the President eliminated a pillar of Franklin D. Roosevelt's New Deal social welfare program, delighting the Republican-controlled Congress in this election year and incensing many of his fellow Democrats.

Mr. Clinton, hailing the law as "good and solid" progress, expressed hope that the partisan edge would now be eliminated from the nation's frustrations over welfare. But moments after the signing, the Presidential campaign of Bob Dole commented, "By selling out his own party, Bill Clinton has proven he is ideologically adrift."

On the Democratic side, the enactment was decried as a "moment of shame" by Marion Wright Edelman, the president of the Children's Defense Fund and a longtime friend of Hillary Rodham Clinton, who was the fund's co-chairwoman until the 1992 election. Another frequent Clinton defender, Senator Paul Simon, Democrat of Illinois, rued the President's signature by declaring, "This isn't **welfare reform**, it's welfare denial."

Mr. Clinton took care to have three former welfare mothers at his side in the sunshine as he signed the measure, praising it for restoring "America's basic bargain of providing opportunity and demanding in return responsibility."

He claimed credit for gaining a \$3.5 billion increase in child care from Congress, for a total of \$14 billion to help single mothers while they seek work.

The heart of the complex new law abolishes Aid to Families With Dependent Children, the Government's welfare bulwark, which provides monthly cash benefits to 12.8 million people, including more than 8 million children.

This is to be replaced by a system of block grants and vast new authority for the states, in the

hope that they can fashion new work and welfare programs to solve the long-intractable problem of dependence on government. Job creation will be a particular state burden, since the law requires most poor adults to find a job within two years of first receiving aid.

Critics, including the nation's Roman Catholic bishops, have asked how states already laboring to meet their own budget-crimping priorities can manage welfare better when the new law will provide less Federal revenue for the task, \$55 billion less over six years.

"The governors," Mr. Clinton noted, "asked for this responsibility. Now they've got to live up to it." He celebrated that "there is no longer a system in the way."

But Representative Carrie P. Meek, a Florida Democrat with a large welfare constituency, said it was more accurate to say, "Now we'll have 50 welfare systems, all doing different things."

Mr. Clinton, who had vetoed two earlier welfare-overhaul measures, hailed the final legislation, on balance, as a historic chance to "re-create the nation's social bargain with the poor." He vowed to fight what he described as its shortcomings, particularly a six-year, \$24 billion cut in food stamp help to 25 million poor Americans and the barring of future legal immigrants from most welfare assistance.

Those two cuts account for most of the law's budget savings. Realistically, Mr. Clinton's vow to return to Congress to fight those reversals, and to initiate job-creation programs for the poor, would require his leading the Democrats back to power in Congress this November.

The President, already deep into his own re-election campaign, candidly admitted that he was hoping to neutralize the risky welfare issue, which has hounded him since his 1992 campaign vow to "end welfare as we know it."

"After I sign my name to this bill, welfare will no longer be a political issue," he contended rather wishfully even as Republicans claimed credit for forcing his hand through a combination of public pressure and his own re-election strategy of preferring centrist compromise to ideological standoff.

"The two parties cannot attack each other over it," the President insisted moments before taking pen in hand. "The politicians cannot attack poor people over it. There are no encrusted habits, systems and failures that can be laid at the foot of someone else. We have to begin again. This is not the end of **welfare reform**; this is the beginning. And we have to all assume responsibility."

Mr. Dole, former Senate majority leader, issued a statement welcoming the President's signature on a bill that the Republican challenger pronounced similar to "my **welfare reform** proposal."

"When they look beyond President Clinton's election-year calculation," he said, "the American people know Republican leadership delivered **welfare reform**."

The Rose Garden ceremony was remarkable for the dearth of Democratic leaders in attendance and the presence of beaming Republicans. Even Senator Christopher J. Dodd of Connecticut, the general chairman of the Democratic National Committee, who is now busily working for the President's re-election, had denounced the measure as an "unconscionable retreat."

Democratic pickets have already begun dogging the President, notably at his birthday celebration last weekend in New York, and White House officials privately concede that there are likely to be some heated moments over the issue next week at Mr. Clinton's re-nomination convention in Chicago.

Even before he signed the bill, the Administration was quietly granting last-minute waivers from current law to allow states to offer extensions beyond the five-year lifetime limit on aid, provided recipients keep looking for work. Republicans have accused the President of already trying to undermine the new law in the face of liberal counterpressure.

Some Democrats hope this proves true. "I'm upset about the bill, but as I read it I figure most states will be able to get out from under the toughest parts with waivers," said Representative Patricia Schroeder of Colorado. "After a lot of tinkering and tuning, this all may prove nothing more than an election-year brouhaha."

Attending to the accusation that he was severing his party's New Deal taproot, the President declared, "The typical family on welfare today is very different from the one that welfare was designed to deal with 60 years ago." In contrast to needy Depression-era Americans, he said, modern Americans who get aid "are trapped on welfare for a very long time, exiling them from the entire community of work that gives structure to our lives."

As he signed the measure, a long line of protesters stretched along the block north of the White House, out of sight of the Rose Garden, in a rally organized by the Children's Defense Fund, the National Organization for Women and the Feminist Majority. "We intend to fix the political climate that makes the President and Congress think they can get away with writing off the poor," declared Patricia Ireland, president of NOW.

Mr. Clinton, to the contrary, depicted himself as delivering creatively on a promise. "Today we are ending welfare as we know it," he insisted. "But I hope this day will be remembered not for what it ended, but for what it began: a new day that offers hope, honors responsibility, rewards work and changes the terms of the debate so that no one in America ever feels again the need to criticize people who are poor or on welfare."

GRAPHIC: Photos: While President Clinton signed a bill overhauling the welfare system, demonstrators on Pennsylvania Avenue protested the measure. (Paul Hosefros/The New York Times)(pg. A22); Lillie Harden, left, and Janet Ferrel, former welfare recipients, watched President Clinton sign the welfare bill yesterday in the Rose Garden. (Paul Hosefros/The New York Times)(pg. A1)

LANGUAGE: ENGLISH

LOAD-DATE: August 23, 1996

Source: [All Sources](#) : [States Legal - U.S.](#) : [New Jersey](#) : [General News & Information](#) : [The New York Times](#) 

Terms: **welfare reform and date**([geq \(1/1/95\)](#) and [leq \(9/15/96\)](#)) ([Edit Search](#))

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The New York Times, December 5, 1993

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December 5, 1993, Sunday, Late Edition - Final

SECTION: Section 1; Page 30; Column 4; National Desk

LENGTH: 1025 words

HEADLINE: The Difficult Math of Welfare Reform

BYLINE: By JASON DePARLE, Special to The New York Times

DATELINE: WASHINGTON, Dec. 3

BODY:

There are approximately 60,000 words in the Administration's plan to overhaul the welfare system, but three of them have the potential to mock the rest and expose President Clinton's bold promises as empty slogans. Those words are: "Deficit neutral funding."

That means Mr. Clinton plans to finance an ambitious set of child care, education and work programs for people on welfare by cutting other programs for the poor.

If past practices hold, advocacy groups will rebel, political bloodletting will follow and Mr. Clinton will wind up with a program not nearly as bold as his campaign promise to "end welfare as we know it."

That's what veterans of past welfare wars foresee, as a draft of his plan came to light this week.

"It can't work," said Joseph **Califano**, the Secretary of Health, Education and Welfare when President Jimmy Carter failed to win a similar self-financed plan. "Deja vu, isn't it?"

Mr. Clinton's pledge to make welfare recipients work is an enormously popular one, and he turned to it often on the campaign trail last year.

What the Public Hears

The public hears the talk of time limits as a way to get tough and save money. But the plan described in the draft, subject to the President's review, talks of first expanding training programs and day care. That is so welfare mothers can acquire job skills and find people to watch their children while they work. The plan also talks of financing some of the jobs.

That is much more expensive than simply sending welfare checks, which now average about \$370 a month for a mother and two children.

How expensive? The Clinton plan does not say, and no one will know the extent until the President puts forward some numbers. The plan itself describes a phase-in to ease the burden.

"We have not fully thought through the financing because we are not sure how much the President wants to do," Donna E. Shalala, the Secretary of Health and Human Services, said in an interview on Friday.

Cynicism Is Perceived

But Ms. Shalala insists that even a large program can be financed by savings from the current

human services budget. She accused old Washington hands of undue cynicism about efforts to make bureaucracies more efficient.

"Is it possible?" she asked. "Yes," she said, arguing that local and state governments are doing it. "Will it be difficult? Yes. Has Washington ever done it? No."

Five million adults and nine million children receive Aid to Families with Dependent Children, the main Federal cash program, and that is a record.

Poor and disproportionately black, seen to be idle, they are not a popular bunch. Welfare and food stamp benefits have already shrunk by about 25 percent over two decades, when adjusted for inflation, and state and local governments remain under stress.

While the cost of welfare is not small, it is not as large as the passions that surround the issue, which are inflamed by notions of race and class and sexual behavior.

The A.F.D.C. program costs about \$23 billion a year. Medicaid and food stamps for welfare recipients add about \$40 billion to the bill.

That's less than half the cost of Medicare, the \$140 billion health insurance program for the elderly. And it's about a quarter of the cost of Social Security, which will reach \$320 billion this year.

Mr. **Califano** has called welfare reform the Middle East of domestic politics, a world composed of warring tribes and irreconcilable differences.

An overly pessimistic judgment? Perhaps. But the plan is still only a draft and the tribes are already on the move.

One is composed of centrist Democrats. In October, 77 of them in the House, loosely affiliated with the Democratic Leadership Council, urged Mr. Clinton by letter to stick to the time limits. But they ducked the question of money, asserting vaguely that the costs of various welfare programs could be cut. "You can squeeze other programs that are not as high a priority to pay for this," said Representative Dave McCurdy of Oklahoma, a leader of the group. "That's what making choices is about."

The liberal tribe responded in November. A letter signed by 89 Representatives called a time-limit plan arbitrary and said it would "increase poverty and hurt needy families."

And then there is a Republican view, expressed in a House bill that would impose tougher time limits than those being contemplated by the Administration. It does spend money -- up to \$6 billion a year for child care and training. But it plans to raise the money by cutting food programs and welfare benefits for immigrants.

Otherwise, the plan would be "taking money from people who work, to give more to people who don't," said Representative Rick Santorum, Republican of Pennsylvania. "That's not what anybody beyond the Beltway means by welfare reform."

But existing programs do not yield lightly, even those for the poor. The Administration recently tried to raise \$330 million for unemployment benefits, by cutting a disability program for immigrants. Hispanic members of the House were enraged, and defying the Democratic leadership, they defeated the plan.

During his campaign, Mr. Clinton suggested spending an additional \$4 billion on training. An aide said this week that it would look silly to propose a more limited program than the one the \$6 billion Republican bill.

And even that might not be enough to cover all the families on welfare, even if the Administration finds the money, through real cuts or overly optimistic projections of savings.

A rough estimate prepared for the Administration last year suggested that as many as 1.5 million families would exhaust a two-year limit without finding a job. Past experience suggests that it could cost about \$5 billion just to run the work portion of the program. The training portion could possibly double that sum.

That is why the plan now talks about phasing in a program slowly, creating a structure but deferring its costs.

Time limits have the appeal of sounding cheap: two years and then people will have to work. But work where? Some will find private jobs, but many will not, especially in an economy with 8.3 million out of work.

LANGUAGE: ENGLISH

LOAD-DATE: December 5, 1993

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Terms: [califano and date\(geq \(1/1/93\) and leq \(1/1/94\)\)](#) ([Edit Search](#))

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The New York Times, August 1, 1996

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August 1, 1996, Thursday, Late Edition - Final
Correction Appended

SECTION: Section A; Page 1; Column 4; National Desk

LENGTH: 1135 words

HEADLINE: THE WELFARE BILL: THE WHITE HOUSE;
Clinton Recalls His Promise, Weighs History, and Decides

BYLINE: By TODD S. PURDUM

DATELINE: WASHINGTON, July 31

BODY:

When President Clinton and a dozen of his top advisers sat down in the Cabinet Room to discuss the welfare bill this morning, everyone knew he faced the biggest domestic decision of his Presidency. Though they were prepared to close ranks behind him, the President's advisers knew this was their last chance to be heard on an issue on which there was no middle ground left.

By turns they spoke and their leader listened. But as he often does, Mr. Clinton ended the two-and-a-half-hour meeting without tipping his hand. Instead, he repaired to the Oval Office with Vice President Al Gore, who aides said encouraged the President to sign the bill, and his chief of staff, Leon E. Panetta, who urged a veto.

About 15 minutes later, Mr. Panetta emerged to order speechwriters to finish the draft announcing a "yes."

The bustle of those few moments capped years of work on the issue by Mr. Clinton, months of legislative back-and-forth with the Republican-controlled Congress and thousands of hours of wrenching policy debate within the Administration itself. And as Mr. Clinton stepped to the lectern to make his announcement, he did so not only with an air of pride in having helped shape the debate, but of clear trepidation about its result.

"I think we all have to admit here, we all need a certain level of humility today," Mr. Clinton said. "If this were an easy question, we wouldn't have had the two-and-a-half-hour discussion with my advisers today and we'd all have a lot more answers than we do. But I'm convinced that we're moving in the right direction. I'm convinced it's an opportunity we should seize."

That was the official line at the White House today, and no sooner had Mr. Clinton finished talking than the most forceful opponent of the bill in the meeting, Secretary of Health and Human Services Donna E. Shalala, and its most articulate defender, the domestic policy adviser Bruce Reed, joined together to repeat it to reporters.

But Ms. Shalala was uncustomarily flustered. At one point she rebutted criticism from a fellow Democrat, Representative Charles B. Rangel of New York, by referring to him as "my good friend Charlie Brown."

Unofficially, emotions ran high, and were complex.

"Oh, I don't know," one Presidential aide mused a bit wistfully when asked about the White House mood. "You know, there are a lot of liberals around here."

Hillary Rodham Clinton, a former board chairman of the Children's Defense Fund, which has bitterly opposed the bill, was at the Olympics in Atlanta, and her chief of staff, Maggie Williams, who usually represents her at such gatherings, did not even attend the final meeting.

The debate arrayed advisers like Mr. Panetta, George Stephanopoulos and Harold M. Ickes, who favored branding the bill extreme, against Dick Morris, the President's political adviser, Mr. Reed and **Rahm Emmanuel**, a political aide who led the charge to sign it as a way of delivering on Mr. Clinton's 1992 promise to "end welfare as we know it."

In the end, aides insisted, it was not politics that was uppermost on the President's mind today, but history. "It's a big deal," Mr. Stephanopoulos said. "I think everybody was leavened by the sense of historical moment. Everybody knew how big this was."

Another White House aide said that seven-eighths of the final discussion involved policy, and that when talk turned to politics at the end, Mr. Clinton said he was confident that he could win either way. Indeed, several other aides said that while Mr. Clinton would have doubtless suffered a 5- or 6-point drop in the polls because the public so favors welfare reform, he could have made a strong case that he vetoed the Republican bill for the same reasons that he vetoed earlier plans to cut growth in Medicare spending: it was too extreme.

How Mr. Clinton went from proposing a welfare plan that would have added about \$10 billion more in spending on the poor to embracing one that would cut about \$55 billion during the next six years is a tale of missed opportunities and electoral realities. More than anything, it reflects the seismic shifts in the political landscape unleashed first by his own pledge to end welfare, and then by the backlash at his attempt to overhaul the health care system two years ago, which helped put the Republicans in charge of Congress, with far harsher proposals than his own.

Having got the welfare ball rolling, aides said, Mr. Clinton simply felt that he could not walk away from the issue, especially after the Republicans softened some of the bill's sharpest provisions in recent days.

"I think he really thinks the stars don't align that often, and we were going to lose the opportunity," said one adviser who opposed the bill.

Mr. Clinton himself acknowledged today that "there was significant disagreement among my advisers about whether this bill should be signed or vetoed."

"But," he added, "100 percent of them recognized the power of the arguments on the other side."

"It was a very moving thing," Mr. Clinton said. "And today the conversation was almost 100 percent about the merits of the bill and not the political implications of it, because I think those things are very hard to calculate anyway. I think they're virtually impossible."

Still, political arguments on the issue divided a White House not marked for its unity in the first place. In recent days, as it became clearer which way Mr. Clinton was leaning, the ranks of those arguing for a veto dwindled, but both sides arrayed their arguments for one last seminar this morning as Mr. Clinton asked detailed questions about the bill, and particularly whether the bill's work incentives would work.

Aides said the President's main insistence was that the parts of the bill he opposes -- its curbs on nutrition programs and its sharp restrictions on benefits for legal immigrants -- be described as cruel additions outside the basic mission of the bill that could be reversed later. But such measures account for much of the budget savings in the Republicans' bill, and Mr. Reed acknowledged that there was little chance that such provisions could be overturned this year.

In the meeting, Mr. Gore and Mr. Panetta, as de facto leaders of the opposing groups, each refrained from comment, while others sitting around the big oblong table in the Cabinet Room spoke in turn. The group included Treasury Secretary Robert E. Rubin, Housing Secretary Henry G. Cisneros, Commerce Secretary Mickey Kantor, Labor Secretary Robert B. Reich and the head of the National Economic Council, Laura D'Andrea Tyson.

"He had questions for everybody," one aide said of the President. "This is a guy who knows the system."

Asked if she was happy with the outcome, Ms. Shalala was succinct: "We're going to be happy with it when it works."

CORRECTION-DATE: August 2, 1996, Friday

CORRECTION:

A front-page article yesterday about President Clinton's decision to sign the welfare bill omitted the reason for the absence of Maggie Williams, chief of staff to Hillary Rodham Clinton, from the final White House meeting to review the decision. Ms. Williams was in Chicago helping prepare for the Democratic National Convention and unaware of the meeting in Washington, which was arranged at the last minute on Wednesday morning.

LANGUAGE: ENGLISH

LOAD-DATE: August 1, 1996

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Welfare Reform Team

8/17/06

Committee Staff

- Andrea
- Christina
- Julia
- Mary
- Eric

Former:

Diana Fortman
 Cynthia Rice
 Jeremy Benard
 Bill Galston
 Lynn Hogan
 Jerry Mann
 Elizabeth Dry

Themes:

- Welfare reform - i) family & everyday work & responsibility

Child Support Initiatives

downed from
 HHS by
 Paul Lighter

Ask questions:
 How many people
 had this program
 help?

child support
 responsible fatherhood initiative
 another document

- Teen pregnancy prevention

- Tobacco (Eric)

→ FDA regulations ??

- Comp. plan to reduce teen smoking

= Change marketing of tobacco

- Other public health accomplishments (smoking cessation)

- Food & Nutrition Issues

- WIC Program FBT expansion

- restored benefits to legal immigrants

→ Julia Paradis
 @ FDA

- Food Safety (Mary Smith/
 Tom Friedman)

Both

- Disabilities → 10 year anniversary of ADA

↳ Timeline exists

call: Becky ?

Director, Task Force

Jonathan Young
Chris Jennings

✱ • Immigrant Issues

- Benefit programs for legal immigrants (restoring after 1997)

- civil rights

- one American

↳ Julie Fernandez - DOJ

Irene - here @ OPC

• Philanthropy (mostly in Millennium Council)

In files of resource property, administration

have an accomplishments document

has been working talk to Ekin Lovell who gives, how much they give etc. explicitly Shirley Sagawa

• Physical Fitness (Christina)

• Exec. Memo

• Housing (Paul Weinstein)

- community empowerment

- vouchers attached to welfare to work

- Affordable housing (section 8)

↳ trying to eliminate the gap

- home ownership

- Homelessness (Mary Smith)

Both NEC & PPC

initiators

• EITC / making work pay
• Workforce Investment Act

Some of the
time about
involving
community -
fair based
partnerships

- New Market / Charitable Choice

- Philanthropy
group also
working on this.

LA crosses all
the sectors

• Campaign Finance reform

• IDA's - created during administration
Embedded in welfare bill - Federal
funding of IDA's comes from
1992

competition

~~IDA~~
T-21

• Transportation - Helping families & low-income
people get to work. Part of
welfare reform / Allow IDA's
to be used for cars.

↓
Tried to have (putting people &
jobs together)

Andrea:

PRC

- General provides general role of bringing agencies
together to work on issues that
cut across departmental borders

Promises Made/Promises Kept

Governor Clinton welfare reform proposals detailed in campaign remarks
to Clayton County Office of Family and Children's Services (September 11, 1992)

vs.

Record in office fulfilling these campaign promises (1993-2000)

PROMISES MADE (9/11/92)	PROMISES KEPT (1993 – 2000)
"An economic program to put the American people back to work and to get our incomes going up again."	• Under the Clinton-Gore Administration, economic growth averaged 3.9% per year, after growing just 1.7% per year from 1988-1992. • In February 2000, the US entered the 107th consecutive month of economic expansion – the longest economic expansion in history – and the private-sector grew 4.4% annually since 1993. This has been achieved while keeping inflation rates as low as they were in 1965. • 21.6 million new jobs were created, adding an average of 248,000 jobs per month, and leading to the lowest unemployment rate (3.9%) in more than three decades. • The U.S. has had 5 consecutive years of real wage growth, the longest increase since the 1960s. Median family income has increased from \$41,691 in 1993 to \$46,737 in 1998, and real median household income is now at the highest level ever recorded. • All five quintiles have seen incomes rise strongly, after 12 years in which there was little if any improvement for the bottom 60 percent of Americans. • Under Clinton and Gore, the poverty rate fell to 12.7 percent in 1998, its lowest level since 1979. The Hispanic poverty rate also dropped to the lowest level in two decades and the African American poverty rate is now the lowest on record. The poverty rate for families with single mothers is now the lowest on record. • Child poverty has declined from 22.7% to 18.9% under the Clinton-Gore Administration – the largest five-year drop in nearly 30 years.
A welfare system in which "people who can work do work and no one stays on welfare forever," but "no one who does work and has children at home lives in poverty."	People who can work do and no one stays on welfare forever - • In 1996, President Clinton signed the bipartisan Personal Responsibility and Work Opportunity Act of 1996 that has dramatically changed the nation's welfare system into one that requires work in exchange for time-limited assistance. Even before signing this landmark welfare law, the President had been promoting welfare reform through the approval of an unprecedented 43 state waivers to promote work and parental responsibility.

	People who can work do and no one stays on welfare forever (continued) - • Under the welfare reform law, all recipients must be involved in work activities after two years on welfare, and there is a maximum five-year lifetime limit on welfare receipt (through states may grant hardship exceptions). • Because of the President's leadership in this area, millions of parents on welfare are now going to work. According to reports filed by the 46 states competing for high performance bonuses, more than 1.3 million welfare recipients nationwide went to work in just the one year period between October 1997 and September 1998. • More welfare recipients are combining welfare and work – the percentage of welfare recipients who work has tripled since 1996 and is nearly 5 times the percentage who were working when Clinton came into office. • Current Population Survey figures show that 36 percent of those receiving welfare in 1998 were working in 1999 – an 82 percent increase from 1992, when just twenty percent of 1991 recipients were working. • As more families move from welfare to work, caseloads have fallen dramatically, dropping 56% since January 1993 and 49% since the welfare reform law was enacted in 1996.
A welfare system in which “people who can work do work and no one stays on welfare forever,” but “no one who does work and has children at home lives in poverty.”	No one who works and has children should live in poverty – • The Clinton-Gore Administration has championed the combined principles of responsibility and opportunity. Welfare reform under this Administration has gone beyond the simple expectation that families will work; it also assists families in linking to jobs and gives them a network of supports to ensure that their hard work will raise their families out of poverty. <i>[ADD OR REPLACE PREVIOUS LINE WITH CLINTON PLEDGE THAT FAMILY WITH 2 KIDS WORKING MIN WAGE WITH EITC, FS, ETC. WOULD BE LIFTED OUT OF POVERTY]</i> • This Administration has taken action to lift people who work out of poverty by increasing the minimum wage from \$4.25 to \$5.15 per hour and calling for an additional \$1.00 increase this year. In addition, the Clinton-Gore Administration achieved historic increases in the Earned Income Tax Credit (see below).

	No one who works and has children should live in poverty – • The Clinton-Gore Administration has also invested in the supports that working families need to retain jobs and make ends meet, including subsidized child care, transportation, and access to health coverage through Medicaid and the State Children’s Health Insurance Program (see descriptions below). • Clinton and Gore have also supported housing vouchers for hard-pressed working families. In 1999, the President proposed and Congress approved \$283 million for 50,000 new welfare-to-work housing vouchers for welfare recipients who need housing assistance to get or keep a job; the FY 2000 budget included \$347 million for 60,000 new vouchers. In FY 2001, the Clinton-Gore budget includes \$690 million for 120,000 new housing vouchers, including 32,000 specifically for families moving welfare to work. • The Administration has also taken a number of actions to help low-income families afford nutritious food. The Women, Infants and Children <i>[get info on WIC expansion and add efforts to ensure that states reach out to low-income working families who may be eligible for Food Stamps and to make FS more consumer friendly]</i> • In addition, Vice President Gore created the Welfare to Work Coalition to Sustain Success in May 1997, a coalition of national civic, service, and faith-based groups committed to helping former welfare recipients succeed in the workforce. • These efforts have paid off. Not only are more families making the initial move from welfare to work, but, according to reports from 46 states, 80% of those employed were still working three months later and average earning rose from \$2,088 in the first quarter of employment to \$2,571 in the third quarter. <i>[How can we capture the value of the EITC and other supports that families receive?]</i>
“A strict time limit” requiring all recipients, after two years on welfare or at the end of an education/training program, to get “a private-sector job or, if none is available, a job provided by the state or the local government in community service.”	Time limits - • As noted above, the welfare reform law requires that recipients who can work engage in work activities within 2 years.

“A strict time limit” requiring all recipients, after two years on welfare or at the end of an education/training program, to get “a **private-sector job** or, if none is available, **a job provided by the state or the local government in community service.**”

Promoting private-sector/unsubsidized employment –

- In order to ensure that private sector jobs are available to the greatest extent possible, the President challenged private sector leaders to hire people from the welfare rolls. The Welfare to Work Partnership, launched in response to this challenge, has grown from 5 business partners to more than 20,000, and together, they have hired an estimated 1.1 million welfare recipients.
- The Administration has also promoted private sector employment through the Welfare-to-Work and Work Opportunity Tax Credits, which encourage employers to hire welfare recipients by offering one- to two-year tax credits to defray some of the employee’s wages.
- The federal government has also done its part. In March 1997, President Clinton challenged federal agencies to hire at least 10,000 welfare recipients over the next four years. Under the leadership of Vice President Gore, the federal government has hired *[48,656 welfare recipients – June numbers]* – nearly five times the original goal.
- [The Small Business Administration has also linked small businesses – who collectively hire over one-half of the private workforce – with job ready welfare recipients and provided entrepreneurial training to welfare recipients to start their own business, for a combined total of 215,000 employer hiring pledges and trained entrepreneurs.]

Subsidized Public Sector/Community Service Jobs –

- In this booming economy, the vast majority of welfare recipients are able to enter subsidized jobs. For instance, of welfare recipients who are working, 85 percent are in unsubsidized employment, while only 15 percent are in subsidized or community service jobs.
- In those cases where there are job shortages or individuals lack the work experience to get a first job in the regular labor market, the Administration has given states the flexibility to create community service or subsidized work experience options.

“A strict time limit” requiring all recipients, after two years on welfare or at the end of an education/training program, to get “a private-sector job or, if none is available, a job provided by the state or the local government in community service.”	Fostering employment - • At the President’s insistence, the 1996 welfare reform legislation included both rewards and penalties to encourage states to place people in jobs. If States do not meet minimum work participation rates set out in the welfare reform law, they can be penalized. However, those states doing the best job in promoting employment, success in the workforce, access to supports, and two parent families receive a share of the \$200 million in high performance bonuses that the President fought to authorize in the 1996 legislation. • In 1998 and 1999, all states met the overall work participation requirements and most also met the much higher two-parent work requirements. In 1999, 38 percent of welfare recipients were engaged in work or work-related activities, up from 35 percent in 1998 – an impressive gain given that caseloads declined 18 percent over this same period.
Invest up to \$6 billion a year for four years to invest in helping welfare families become self-sufficient, paid for through cuts in wasteful government spending, defense savings, and raising taxes on the wealthiest two percent of Americans.	Investments to promote self-sufficiency - • Although the \$16 billion TANF program does not constitute new money, it does lock in federal funding at levels significantly above what states would receive before it became a block grant. Moreover, the Administration issued regulations giving states the flexibility to invest the savings generated by declining welfare rolls in needed supports for workforce attachment and job retention. • The welfare reform law also included \$4 billion in new funding for child care and the 1997 Balanced Budget Act created the \$3 billion Welfare to Work program. • <i>[how should we frame how we paid for this?]</i>
A welfare system that can “give everyone the funding they need for education, training, child care and transportation.”	Education/training – • Because of the President’s leadership, the 1997 Balanced Budget Act included \$3 billion in FY 1998 and FY 1999 for Welfare-to-Work grants to help states and local communities move long-term welfare recipients and certain non-custodial parents into lasting, unsubsidized jobs. Federally-recognized tribes also receive up to \$30 million of the Welfare-to-Work funds. Funds can be used by local, business-led boards for job creation, job placement and job retention efforts, including wage subsidies to private employers and other critical post-employment support services, and 25 percent of the funds are awarded by the Department of

	Labor on a competitive basis, supporting 190 innovative local strategies in FY 1998 and 1999. • <i>[ADD WIA]</i> • <i>[ADD Pell Grants]</i> • In FY 2001, the President has proposed a new \$255 million initiative called Fathers Work/Families Win to promote responsible fatherhood and support working families. These competitive grants would help connect approximately 40,000 noncustodial parents (mostly fathers) and 40,000 low-income families to the life-long learning and employment services provided under WIA to promote work and child support.
A welfare system that can “give everyone the funding they need for education, training, child care and transportation.”	Child care – • Under the Clinton-Gore Administration, federal funding for child care has more than doubled, helping parents pay for the care of about 1.5 million children in 1998. The 1996 welfare reform law increased child care funding by \$4 billion over six years for low-income working families, including those leaving welfare. • <i>[Add 21st Century Learning Centers]</i> • The Administration’s FY 2001 budget proposes: 1. \$1 billion to expand Head Start to approximately 950,000 children; 2. \$817 million in child care subsidies, which, with welfare reform child care funding, will help cover over 2.2 million children in 2001; 3. \$3 billion over 5 years for an Early Learning Fund to help improve child care quality and early childhood education for children younger than five; 4. \$30 billion over 10 years to broaden the tax relief provided by the Child and Dependent Care Tax Credit, making it refundable for the first time, extending the credit to stay-at-home parents, and increasing the level of credit from 30 percent to 50 percent for over 4 million low- and middle-income families.
A welfare system that can “give everyone the funding they need for education, training, child care and transportation.”	Transportation – • The Transportation Equity Act for the 21st Century authorized \$750 million over five years for the President’s Job Access initiative and reverse commute grants. In May 1999, Vice President Gore awarded \$71 million of these funds to 179 communities in 42 states around the country. The FY 2000 budget included \$75 million in Access to Jobs to expand grants to communities to develop innovative transit solutions to help welfare recipients and low-income workers get to

	work. • In the FY 2001 budget, the President includes three key proposals to make it easier for families transitioning from welfare to work to get a car or improve public transit solutions: 1. Make it easier for a family to own a reliable car and still receive food stamps by allowing state to conform their food stamp vehicle policy with a more generous TANF vehicle policy; 2. Allow working families to use Individual Development Accounts to save for a car that will allow them to get to work or keep a job; and 3. Double Access to Jobs funding to \$150 million.
“Expanding the earned income tax credit for the working poor” to raise families working 40 hours per week above the poverty line.	Earned Income Tax Credit (EITC) - • Expansions in the EITC included in the President’s 1993 Economic Plan are making work pay for 15 million working families, including former welfare recipients. A Council of Economic Advisers report found that in 1998, the EITC raised 4.3 million Americans out of poverty – more than double the number in 1993. • The FY 2001 budget proposes a nearly \$24 billion plan to expand EITC again, providing as much as \$1,200 in additional tax relief to an estimated 6.8 million hard-pressed working families.
“Provide medical coverage to working people with children, and...control health care costs while we’re doing it.”	Health Care – • President Clinton insisted on maintaining the Medicaid guarantee and ensuring ongoing access after eligibility for Medicaid and TANF were no longer linked. Under Clinton-Gore, states have expanded Medicaid coverage to working families who cannot afford health insurance, and since August 1998, the President eliminated a vestige of the old welfare system by allowing all states to provide Medicaid coverage to more than 130,000 working, two parent families who meet state income eligibility requirements. • With bipartisan support from the Congress, the President created the State Children’s Health Insurance Program (SCHIP) in 1997, allocating \$24 billion dollars over the next five years to extend health care coverage to uninsured children through state-designed programs. • <i>[Add \$500 M TANF-Medicaid delinking (also that it was extended)]</i> • <i>[Add Transitional Medicaid]</i> • In the FY 2001 budget, the President and Vice President

	have proposed a 10-year, \$110 billion initiative to expand health coverage to at least 5 million uninsured Americans and expand access to millions more; if enacted, this would be the largest investment in coverage since Medicare was created in 1965. Specifically, the initiative: 1. Provides a new, affordable health insurance option for families called "FamilyCare," which builds on the State Children's Health Insurance Program to provide higher Federal matching payments to parents of children eligible for or enrolled in Medicaid or S-CHIP; 2. extends transitional Medicaid for up to a year for those losing it due to increased earnings; 3. accelerates enrollment of uninsured children eligible for Medicaid and S-CHIP; 4. expands state options for people ages 19 and 20 and legal immigrants; 5. helps small businesses afford insurance; and 6. strengthens programs that provide health care directly to the uninsured.
Create a welfare system that promotes savings; "raise the asset limit and encourage poor people to save money for job training, for college, and for other paths to independence."	Promoting savings – • The Clinton Administration has given states the flexibility to raise asset limits for families on welfare; in response, 40 states have raised general resource limits for both applicants, 4 have raised limits for recipients only and Ohio no longer has a specified resource limit. • In 1992, President Clinton proposed establishing Individual Development Accounts (IDAs) to help low-income families save for a first home, post-secondary education, or to start a new business. The welfare reform law in 1996 authorized the use of welfare block grants to create IDAs that allow families to save outside of welfare asset limits. • In 1998, the President signed legislation creating a five-year, \$125 million IDA demonstration program. Households that are either eligible for welfare or qualify for the EITC and have a net worth \$10,000 are eligible. In FY 1999 HHS awarded nearly \$10 million for 40 grantees that will establish over 10,000 savings accounts for low income workers. • The FY 2001 budget calls for an additional \$25 million for IDAs to create over 20,000 new accounts, and proposes expanding the eligible uses of the saving to purchasing a reliable car that will allow them to get or keep a job.

“Set up a network of community development banks to bring free enterprise to poor people in rural areas and in inner cities.”	Community Development Financial Institutions – Proposed and signed into law by the President in 1994, the CDFI Fund, through grants, loans, and equity investments, is helping to create a network of community development financial institutions (CDFIs) in distressed areas across the United States. Since the funds creation, it has made more than \$190 million in awards to community development and financial institutions.
Create a tougher system of child support enforcement, and “launch a nationwide campaign to get money from deatbeat parents who can pay and won’t,” including: - a national deadbeat parents’ databank; - a national system of child support collections through automatic wage withholding; - an initiative with the IRS to make sure deadbeat parents can’t cross state lines to escape their obligations; - a collaborative effort with major credit agencies to report on all people who are seriously delinquent on their child support payments; and - an all-out effort to establish paternity at the hospital when a baby is born.	Child Support - - Since President Clinton took office, child support collections have nearly doubled from \$8 billion in 1992 to nearly \$16 billion in 1999. In 1998, the number of child support cases with collections rose to 4.5 million, an increase of 59 percent from 2.8 million in 1992. - The Federal Parent Locator Service, enacted as part of the welfare reform law of 1996, located over 2.8 million delinquent parents in its first two years of operation. {?} - Today, parents who owe child support have their wages garnished, their bank accounts seized, their federal loans denied, and their tax refunds withheld, and over \$1.3 billion was collected from federal tax refund intercepts in tax year 1998, a 99 percent increase since 1992. - In June 1998, the President signed the Deadbeat Parents Punishment Act, enacting tougher penalties for parents who repeatedly fail to support children living in another state or who flee across state lines. - In his FY 2001 budget, President Clinton has called for new initiatives to build on these successes, including more enforcement tools, such as booting of vehicles, denial of passports, and prohibition from enrolling as a Medicare provider. The FY 2001 budget also calls for more reliable child support income for families, by requiring states to review and adjust child support orders every three years, allowing states to simplify distribution rules, and providing states incentives to pass more child support income on to families. - The number of fathers taking responsibility for their children by establishing paternity rose to a record 1.5 million in 1998, triple the 1992 figure. <i>[Add in-hospital paternity establishment here]</i> <i>[Add Interstate financial institutions]</i> <i>[Add credit agencies]</i>

We need to “**empower people to assume ... personal responsibility** for themselves and for their children.”

- *[Not only demanding that deadbeat fathers pay child support but ensuring that dead broke dads are supported in finding work to be able to meet their obligations - WTW,FWW]*
- *[Add teen preg prev. and decline in teen birth/preg rates]*