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THE WHITE HOUSE

WASHINGTON

January 14, 2000

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MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed
Cynthia Rice

SUBJECT: Second Chance Homes

Per your conversation
Reed
1/14/00

We understand Jane Fonda would like to talk to you about second chance homes. Ms. Fonda has been very involved in teen pregnancy prevention efforts, and is the founder of the Georgia Campaign for Adolescent Pregnancy Prevention.

Background on Second Chance Homes

As you know, the 1996 welfare law included a provision you championed to require unmarried minor parents to attend school and live with a parent, guardian or adult relative in order to receive TANF, unless these options are not available or appropriate. For teens unable to live at home or with relatives, states must provide access to an adult-supervised and supportive living arrangement such as a second chance home. States can use TANF funds to pay for these homes.

To date, several states (including Massachusetts, Nevada, New Mexico, Rhode Island, and Texas) have statewide second chance homes programs, and at least 16 states have local programs. Rough estimates show that current programs are serving about 1,000 teen mothers each year.

What More We Can Do

This fall, we began to consult with experts about what more we could do to encourage second chance homes. (One of these experts, Kathleen Sylvester, formerly of the Progressive Policy Institute, has also been working with Fonda, which may have prompted this call.) Fonda may be calling to urge you to do more in general on second chance homes; or she may be urging you specifically to include new funding in your budget.

In general, we do not think funding is an obstacle to the expansion of second chance homes. States currently have \$4.2 billion in unobligated TANF funds, or 11 percent of the total awarded, that they could devote to these efforts. Thus, we did not recommend to you any new spending in the FY 2001 budget.

However, there are several very helpful steps we believe we could take by executive action, and once the budget is completed, we were planning to work with HHS and HUD to develop such a package, which we believe could include:

- ✓ 1. Issue HHS guidance to states making clear how they can use TANF and other federal funds for second chance homes. In our experience, guidance like this often spurs action by providing reassurance to state budget officials and fodder for state advocates.
- ✓ 2. Direct HUD to make certain surplus properties available, at a 50 percent discount, to nonprofit groups that want to purchase them to create second chance homes. Since TANF funds cannot be used to purchase property, this action would provide another way to subsidize such purchases. (It is not necessary to purchase property in order to run a second chance home, of course – TANF funds may be used to rent property for such homes – but this action would provide additional options.)
- ✓ 3. Direct HHS to use existing evaluation funds to research the impact and effectiveness of these programs. We believe more states and communities will be willing to put homes in place if there is more concrete evidence of their effectiveness in helping teen parents become self-sufficient and prevent additional out-of-wedlock births.

Note that we have not yet vetted these ideas with the agencies, but plan to very shortly.

Support for Second Chance Homes

There is widespread political support for second chance homes. Senator Moynihan and Senator Bradley have both proposed new funding for second chance homes (Moynihan at \$45 million a year and Bradley at \$300 million a year). Governor Bush, as part of his faith-based platform, said he would provide a block grant to states (amount unspecified) for pilot maternity homes.