



THE WHITE HOUSE
WASHINGTON

October 2, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Carol H. Rasco 
Frank Raines 

SUBJECT: Update on Welfare Reform Implementation

We are continuing to work to coordinate the Administration's efforts to implement the new welfare law. We will be providing periodic updates on key issues for you, as well as answers to questions you raise.

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Domestic Policy, OMB, Counsel's office, and Intergovernmental are working closely together on all aspects of implementation. We have the following process in motion:

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However, legal immigrants who are applying for food stamps are not helped by the change in the CR. States are beginning to deny food stamps to these new applicants, although the interpretation of USDA's guidance on when they must comply varies from state to state. USDA instructed states to start denying new applications on September 22; for the next 120 days, states that have implemented this change are not subject to sanctions if they make errors.

Verification -- Administrators of many government programs such as food stamps have an important new role to play in verifying the legal status of non-citizens, and whether they fall into any of the categories exempted from the full impact of this law. One particularly difficult exemption to administer is the "40 quarters" exemption, whereby legal immigrants who have worked at least 40 quarters in this country (in combination with their spouse or parents) can still get benefits. SSA is working on a new system to give other agencies access to this information on an overnight basis, beginning in January 1997.

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- o You had noted the statistic that the INS naturalized 1.2 million immigrants this fiscal year, and asked how big an increase it represented over the prior year. Approximately 500,000 people were naturalized last year, so it is a very significant increase.

FOOD STAMPS WORK REQUIREMENT

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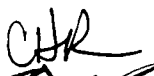

cc: Leon Panetta

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cc: Leon Panetta

EXECUTIVE OFFICE OF THE PRESIDENT

30-Sep-1996 12:20pm

TO: Diana M. Fortuna
FROM: Carol H. Rasco
Domestic Policy Council
CC: Jeremy D. Benami
Elizabeth E. Drye
SUBJECT: Welfare Reform memo for POTUS

Comments on draft memo:

- ✓ a. Food stamps...update to reflect work in the budget agreed to over the weekend.
- ✓ b. Wisconsin: add a line stating the way(s) the Wis. plans goes against our principles...for sure that they wanted to undo the entitlement (isn't that what they wanted to do?).
- ✓ c. New Mexico: The way it is written I feel like POTUS will ask if HHS can take a new look at their interpretation....does our Gen. Counsel agree with HHS interpretation?
- ✓ *Answer CRQ* d. Medicaid: I would drop last sentence in first paragraph about states being anxious to hear..POTUS will simply then write What is holding us up? We ARE pushing, are we not?
- ✓ *Answer CRQ* e. Performance Bonus Fund: Gives whom a year to develop and implement? The part on Contingency Fund being much simpler sounds like there are problems in putting the first one together...is that true? *No*

Thanks for this excellent draft. I think it would be good if the memo went in after tomorrow's summit if that indeed comes off...in the meantime, OMB I assume at least needs to see it. I'm not concerned that they co-sign if they don't ask about it but I do want them to be consulted understanding that we need to get it in late tomorrow, early Wednesday.

Ken
Bruce

DRAFT

Jeremy -
Some edits. The
goes to you, right?
I've ignored
places where the
memo needs up-
dating.
Elena

~~Sept 2~~
~~September 2~~, 1996

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PHOTOCOPY
MISC. HANDWRITING

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9/22
12 days

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of the food stamp cuts for legal immigrants who currently receive benefits. This will assist states, especially California, which was not helped

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IMMIGRANTS

The immigration issues raised by the law are clearly the thorniest and most difficult to implement.

Means-tested Benefits -- Non-citizens who arrive after the ^{Some} law's enactment are barred from receiving "means-tested benefits" for five years. We have ~~considerable~~ latitude to define that term, and Counsel's office, OMB, and DOJ are working together to do so.

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However, legal immigrants who are ^{new} applying for food stamps are not helped by the change in the CR. States are beginning to deny food stamps to these applicants, although the interpretation of USDA's guidance on when they must comply varies from state to state. USDA instructed states to start denying new applications on September 22; for the next 120 days, states that have implemented this change are not subject to sanctions if they make errors.

^{or add 18 mo.}
Interim Verification -- Administrators of many government programs such as food stamps have an important new role to play in verifying the legal status of non-citizens, and whether they fall into any of the categories exempted from the full impact of this law. One particularly difficult exemption to administer is the "40 quarters" exemption, whereby legal immigrants who have worked at least 10 years in this country can still get benefits. SSA is working on a new system to give other agencies access to this information on an overnight basis. ^{beg in Jan 1997.}

However, ~~SSA's records are likely to be incomplete for many people, such as~~ farmworkers and domestic workers whose employers did not pay the taxes on their behalf. We plan to get instructions to food stamp offices next week on how to address this problem and avoid denying benefits inappropriately. ^{in comb w/ their spouse + parents}

^{Some earnings may never be reported to SSA, part for}
Reporting of Illegal Aliens -- The law requires states to report quarterly to the INS on any illegal aliens they become aware of. The INS is determining how to implement this provision.

SSA + HUD

Below are answers to three questions you raised in the last update memo:

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~~SSA has already had the app proc in place~~
~~and is hearing~~

~~SSA has decided~~
~~to announce SSA's decision~~
~~in a timely manner,~~

SSA has decided

of \$7.66 from 1997-2002

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SSA has

with a loss of \$5.96 of the savings,

MEDICAID

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cc: Leon Panetta
Frank Raines

SSA is finalizing other options, in consultation w/us. ~~for a proposed rule on this def.~~

FAX COVER

Date/Time:

**Income Maintenance Branch**

Executive Office of the President
Office of Management and Budget
Washington, DC 20503

TO: *DIANA*FROM: *RICHARD*

Fax Destination

Organization:

Fax Number:

Number of Attached Pages: *Cover + 6*

Notes:

Income Maintenance Fax Number: 202/395-0851
Voice Confirmation: 202/395-4686



Keith J. Fontenot
10/02/96 09:51:50 AM

.....

Record Type: Record

To: Richard E. Green/OMB/EOP
cc: Jeffrey A. Farkas/OMB/EOP, Lester D. Cash/OMB/EOP, Matthew McKearn/OMB/EOP, Jack A. Smalligan/OMB/EOP
Subject: welfare reform memo to the President

I need some comments pronto...

----- Forwarded by Keith J. Fontenot/OMB/EOP on 10/02/96 09:39 AM -----

From: Kenneth S. Apfel on 10/02/96 09:38:48 AM

Record Type: Record

To: Keith J. Fontenot/OMB/EOP, Cynthia M. Smith/OMB/EOP
cc:
Subject: welfare reform memo to the President

----- Forwarded by Kenneth S. Apfel/OMB/EOP on 10/02/96 09:24 AM -----



FORTUNA_D @ A1
10/01/96 11:31:00 PM

Record Type: Record

To: Kenneth S. Apfel
cc: BENAMI_J @ A1@CD@LNGTWY
Subject: welfare reform memo to the President

Attached is a slightly revised/updated version of the memo to the President. Do you guys want to co-sign? Frank or Jack? Do you have any comments?

Carol's plan has been to send this out Wednesday morning, so please get back to me or Jeremy asap.

October 2, 1996

MEMORANDUM FOR THE PRESIDENT

FROM: Carol H. Rusco
Bruce Reed
Frank Reind

SUBJECT: Update on Welfare Reform Implementation

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Q: Or will we seek legislation?
APAC
Paul Med...

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Las Vegas
LEEDS

Federal funds than the block grant amount in FY1997. Counsel's office is examining HHS's interpretation.

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Some

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at least

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new

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NEED TO CHECK WITH THE INS

40 quarters

(in combination with their spouse and parents)

Some earnings may never have been reported to SSA

However, SSA's records are likely to be incomplete for many people, such as farmworkers and domestic workers whose employers did not pay the taxes on their behalf. We plan to get instructions to food stamp offices next week on how to address this problem and avoid denying benefits inappropriately.

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particularly for

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later this fall

Red Hill
to come up
w/ LOP?
Ken concerned

~~SSA~~

should

(Jans?)

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if they do so in a timely manner,

SSA has determined will must

SSA has

SSA has clarified that this appeals process includes 5 Administrative Law Judge hearing.

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of \$7.6 billion from 1997-2002

SJA
hjs

at 2:10 p.m.
with
of \$5.9
billion of
the savings

SHOULD
PUT AS
OPTION B
WE
THIS
SET UP IN
A BUDGET PROVISION

other
SJA is finalizing other
in consultation with us for
the proposed rule on
this definition.

Health
Medicaid

MEDICAID

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cc: Leon Panetta

Frank Raines

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

20-Sep-1996 08:46am

TO: Jeremy D. Benami
TO: Diana M. Fortuna

FROM: Carol H. Rasco
 Domestic Policy Council

CC: Elizabeth E. Drye

SUBJECT: Welfare Reform memo for POTUS

Well, get ready...I understand the Barbara Walters interview tonight has POTUS saying he might assign Hillary to work on welfare reform...luckily he then caught himself and said he didn't know...I understand she showed complete surprise...at least he didn't say Ira was in charge!

As to next memo that I mentioned earlier should be prepared for POTUS on welfare reform, I believe in looking back over his last memo the following things should be included among any other items you all feel important:

✓ Meeting set with cities and counties, right?

✓ Early implementation by Michigan and Wisconsin

✓ His question on section : Regulations

✓ Status of how current waivers will work (realize on some of these it will simply be an update that we are working on issue, not resolved yet)

✓ What we have agreed to do as to setting up the discussion on contingency fund and bonus fund....process with NGA/APWA as required by law

✓ Food stamps status

✓ SSI update

✓ INS reg on immigrants with disabilities

✓ Child care implementation/ all the good news here...maybe close with this?

✓ Status of prep of correcting legislation

How are we going to monitor and evaluate welfare reform?

Medicaid...

Thanks.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

04-Sep-1996 05:26pm

TO: (See Below)

FROM: Carol H. Rasco
 Domestic Policy Council

SUBJECT: Welfare Reform memo to POTUS

I was sure everyone would need an interpretive reading of the remarks by POTUS and had tried to get this email off earlier...here goes! I will put any comments I have as to follow up in () and we can then talk next week when I am back in office, okay?

Page 1:

CRasco: looks good
 but see notes-
 BC

Also should stay in touch with counties and cities
(I had earlier today put on email to intergovernmental that we need to talk about how to work with counties and mayors groups now that we are working regularly with NGA/APWA/NCSL)

Page 2:

oRegulations

Q: Can we require states to offer, or allow local gov't to offer, wage subsidies to private emplyers plus local gov't's?

oApproved Waivers

Can we at least condition waivers on work participation rate to

I want to discuss time limits issue before a decision is made and announced OR leaked.

oOther issues

Agree- I want to discuss before decision made.

Page 3

CHILD SUPPORT ENFORCEMENT

Regarding the FPLS he drew arrow and said:

Important

All agreed to this

On the \$50 issue he wrote:
I didn't know this!

IMMIGRANTS

oFood Stamps

Can we slow walk this on reevaluation grounds-(this memo was read before he got our follow up memo on issuing the directive to Glickman...we don't need to do anything further here)

oSSI

Take the year and work with INS on these to get as many citizens as possible.

Page 4

oNaturalization

Left side: Should do this ASAP

Right side: How big an increase over last year? (Isn't it nice he will be so pleased with the huge increase over last year?)

SSI for Children:

We must use REAL care on this-

ALJ (I can assure you this hit him very seriously and that is why we must have careful, thorough memo to him that I have requested previously...I must review the memo before it is sent and co-sign some kind of cover sheet or he will return it to me asking what I think.)

Medicaid:

This one did not copy well on my copy of memo and I don't have the full writing; however it appears he is saying we should discuss what this does with Wisconsin...what this says to me is that we need to make SURE POTUS is briefed on the proposed letters to Wisconsin before HHS sends them.

Child Care:

Good-

do ASAP as we must show POSITIVE aspects of law

(Diana: This says to me we should definitely ask Child Care folks to a meeting of the coordinating group in two to four weeks as we discussed earlier)

Monitoring and Evaluation:

Agree

JOB OPPORTUNITIES

Should give discretion [he abbreviated the word] to cities (this was taken care of in the formatting of his jobs initiative)

NEED FOR LEGISLATION

1st paragraph: YES

Second paragraph:

+What about Joe Califano's concern in Sat. 8/25 New York Times?

(Can someone look up that article and see what it is about...I missed it)

=====
=====NOTE: On any of these where he said he wants to discuss, etc. it will mean more than likely we need to do a good decision memo. AGain, I will be in on Monday, will be reading email from the road on Thursday afternoon and sometime midday on Friday.

Let's talk...thanks.

Distribution:

TO: Jacob J. Lew
TO: Kenneth S. Apfel

CC: Bruce N. Reed
CC: Jeremy D. Benami
CC: Diana M. Fortuna
CC: Elizabeth E. Drye
CC: Deborah F. Kramer

September 2-, 1996

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FROM: Carol Rasco
Bruce Reed

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+ push?

Wisconsin Waiver -- We have essentially resolved the Wisconsin situation (update if possible before sending). HHS will be approving the Wisconsin W-2 plan (either by granting the waiver or certifying the TANF plan as complete). On September 30, we will be (____), sending them their first TANF check for FY96, and simultaneously denying their Medicaid waiver on the grounds that it would endanger health care coverage for large numbers of people. On the welfare portions of the waiver, the only issue that remains contentious is the state's intention to impose a 60 day residency requirement before families can begin to collect benefits. HHS believes this is unconstitutional, though the law in this area is unsettled. The provision will definitely be brought to the courts. HHS approval of the state (plan/waiver) will indicate they may only operate the residency requirement if they provide a justification that is constitutionally sufficient.

only true if waiver

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- that will form the basis.

FOOD STAMPS

~~with~~ *states are beg'g to deny fs laws to*
As you know, ~~new non-citizen applicants for food stamps are not being found eligible~~, and states are beginning to process the recertifications of current recipients. USDA made a waiver available to all states that made it possible for some to delay the impact on current

more? - no differential state beh?

recipients, ^{accepted} and over 30 states have ^{option to date} taken the waiver. California was not helped by that particular waiver because they have a 12-month certification period, so we are working on potential legislative and administrative options that might work for them.

Exemption for High Unemployment Areas -- As you may recall, the new law ^{allows states to opt-in} provides an exemption from the work requirement for food stamps for 18-50 year olds for persons living in areas of high unemployment. USDA will be issuing guidance very shortly on how states should designate such areas.

SUPPLEMENTAL SECURITY INCOME

*A map of 9 is
The new law adopted initially and covered
eligibility (he knows?)*

1 → SSI for Children -- Diana to write

-ALJ

IMMIGRANTS

newly arriving

The issues raised by the bill related to immigration are clearly the thorniest and most difficult to implement. We have convened interagency groups to address two issues in particular: (1) the definition of "means tested benefits" for which non-citizens would be ineligible -- *needed?* (because of a Byrd rule motion in the Senate, the legislative definition of this term was deleted, and we must now supply one administratively); and (2) how to implement an interim system of verifying the legal status of non-citizens and whether they fall into any of the categories exempted from the full impact of this law.

2 → Add 40Q?
(Three quick answers to questions from your last memo:

- SSI recipients who are going to be required to go through recertification to determine their continued eligibility based on citizenship must be notified by March 1997. Information on naturalization will be sent to them in November to ensure that as many as possible who meet the requirements for citizenship are able to naturalize before their benefits end next August.
- We are working closely with INS and disability and immigration groups to ensure that the regulation waiving certain testing requirements for immigrants with disabilities is finalized as soon as possible. The comment period ends within the next two weeks, and ~~we hope~~ the rule will be finalized ~~shortly thereafter~~.

CHILD CARE

• Add natztn state
in December

The new provisions of the law relating to child care go into effect October 1, 1996. This is a very positive story as HHS worked quickly and effectively to help states understand the new law, develop interim plans to access the new funding, and ensure that states will get their increased money on time. We will be working with Communications to ensure that the

3 → *Medicaid etc opt-in*
4 → *Reporting of legal abuse*

opportunity to highlight some good news on this front is not missed.

TECHNICAL CORRECTIONS

The Secretary of HHS is required to report to Congress within 90 days (November 22, 1996) on technical amendments and corrections that are necessary. The other departments as well as many of the groups with which we are working have concerns in this area as well. We will be working closely with HHS as the date for this report draws closer.

Diana

add anything on

Wilson E.O.?

Giuliani?

~~What to say on Medicaid?~~ *2*

What to say on monitoring and evaluation?

OTHER KEY PROVISIONS

5
→

Medicaid -- text from last time: The Medicaid program faces two major challenges in implementation: (1) delinking eligibility for Medicaid from the welfare system, and (2) assessing the impact on pending and existing waivers. The Health Care Financing Administration is working closely with other parts of HHS and with SSA to meet these challenges.

How are we going to monitor/evaluate welfare reform? *CR wants*

No CSE - OK?

~~*add*~~

Califano??

470
65579

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

04-Sep-1996 07:49pm

TO: Dorothy K. Craft
FROM: Diana M. Fortuna
 Domestic Policy Council
CC: Jeremy D. Benami
SUBJECT: can you have an intern look up...

an 8/25 op ed in the New York Times by Joe Califano?

Thanks.

*check dates around there
check Post*

News Analysis 150-151?

*308 UEOR
Library*

QUESTIONS TO RESOLVE ABOUT TANF GUIDANCE

- o Guidance document overall
 - o format OK?
 - o are we sure items with arrows really required?
 - o draft vs. final: HHS prepared to go with draft (what does that mean?)
 - o "Suggested state plan outline" section needed? (p.2)
- o 45 day comment period (p.2)
 - o legal basis?
 - o does document punt on Wisconsin?
- o Waivers - Dec memo
 - o can we say anything given President's comment on time limits issue?
 - o doesn't guidance draw a line that anything goes? (p.8)
- o Federal Register notice OK?

Add: In determining eligibility how will you consider resources earned, unearned and in-kind income will you have disregards will there be deeming will you impose time limits of less than 60 months. What are your exemptions

BENEFITS criteria

What benefits will be given to needy families? Will benefits be delivered through cash, in-kind, vouchers, or electronic benefits transfer (EBT)? How will time limits and sanctions be incorporated into the program? What supportive services will be available to clients? How will you structure the provision of child care to allow parents to go to work?

CULTURE CHANGE

~~Benefit Administration~~
Ben. Funds How will

What measures will be taken to change the culture of the welfare office to support work and self-sufficiency? Are you planning to retrain eligibility workers?

PARENTAL RESPONSIBILITY

How will parental responsibility be encouraged? How will child support enforcement interact with the TANF program? Are you planning to involve the non-custodial parent in any work programs? What efforts will be made to reduce the incidence of out-of-wedlock births? How will you address the problem of statutory rape?

TRIBES

How will you ensure equitable access for members of Indian tribes who are not eligible for assistance under a Tribal family assistance plan? How will you assist tribe in implementing their program?

ADMINISTRATION

What is the structure of the agency administering the program? What will be the role of public or private contractors in the delivery of services? How will different elements of your program be phased-in? If the implementation date is different from the plan submittal date, when will you implement your program?

WAIVERS

Will your TANF plan basically mirror the welfare reform policies approved under 1115 waivers and the underlying AFDC and JOBS provisions that were not waived? What are the name(s) of the 1115 demonstration(s)? If there are any policy differences between your TANF plan and the approved demonstration(s), what are they? What is the basis for your assessment of inconsistency? What are the beginning and ending dates of the demonstration(s)? Is the demonstration(s) incorporated into your TANF plan applicable statewide? If not, how will TANF operate in those areas of the State not covered by the demonstration(s)?

WORK

Section III

WORK & Participation Requirements

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

05-Sep-1996 12:31pm

TO: Elena Kagan
FROM: Diana M. Fortuna
 Domestic Policy Council
CC: Bruce N. Reed
SUBJECT: 45 day comment period issue

FYI, on the 45 day comment period, the relevant section of the law is in Title I, Section 402 (a)(4).

In sum, it says that a state must submit a plan that includes the following:

"a certification ... which shall include assurances that local governments and private sector organizations--

(A) have been consulted....

(B) have had at least 45 days to submit comments on the plan and the design of such services."

I am trying to reach Anna Durand, who did HHS's legal work on this. I'll follow up with you.

E X E C U T I V E O F F I C E O F T H E P R E S I D E N T

06-Sep-1996 10:35am

TO: Diana M. Fortuna
TO: Jeremy D. Benami

FROM: Wendy A. Taylor
 Office of Mgmt and Budget, OIRA

SUBJECT: State Plan Guidance

I'm here afterall. So much for a vacation.

I understand that ACF has significantly revised the guidance and that we should have a new version to look at this morning. It's also my understanding that they plan to hand it out as draft on Monday. Please let me know if that's not consistent with what you're hearing. ACF also sent their notice to the Federal Register which should be published Tuesday.

Can we coordinate comments internally before we send them out? I'll touch base with you when the revised version arrives.
Thanks.