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OFFICE OF INTERGOVERNMENTAL AFFAIRS
DEPARTMENT OF HEALTH AND HUMAN SERVICES
200 Independence Avenue, SW
Room 630F
Washington, DC 20201



F A X C O V E R S H E E T

DATE:

TO:

Diana Fortuna

PHONE:

FAX:

FROM:

John Monahan
Director

PHONE: (202) 690-6060

FAX: (202) 690-5672

RE:

CC:

Number of pages including cover sheet:

Message:

FYI - Bush admin.

Median time - 64 days

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7/22
7/5/96
Minn waiver -
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Counsel's office letter??

WELFARE WAIVER PROCESSING TIMES

Median time for approved waivers: 158 days.

Median time for active pending requests: 70 days.

* In FY95 HHS approved a waiver demonstration every nine working *
days.

Question:

Senator Dole noted that the time it takes your agency to grant waivers takes years, not days. How can you justify pending waiver requests that are still on the books from 1994?

Answer:

- o Only 4 states have waiver requests going back to 1994: California, Kansas, New Hampshire and Pennsylvania. With one exception, those States had asked us to hold further Federal action on their requests.
- o For example, the oldest pending request from New Hampshire was submitted in September 1993. We offered the State draft terms and conditions under which we would approve their request one month later, in October 1993. The waiver request, based on State legislation, would have increased earned income disregards for the purpose of encouraging work. Though the State included a different scheme to increase earned income disregards in a waiver request they submitted last September, they never gave us the go ahead to approve that waiver and have never formally withdrawn it.
- o We had worked out the specifics of an agreement with the State of Kansas in April of 1995 and stood ready to approve the waiver when the State asked us to table further action. On April 30 of this year, the State submitted an amended request which is now under review.
- o In the case of Pennsylvania, we promptly initiated a review process of waiver requiring school attendance and expected to approve quickly. However, the State soon thereafter asked us to hold up further Federal action while they worked with the schools to work out certain details. It has remained on hold at the State's request.
- o Upon receiving the other Pennsylvania waiver request for the Savings for Education Program, we immediately informed the State that they might prefer to implement the provisions through a State plan amendment rather than as a demonstration project requiring waivers. The State chose to look into this option, and again, asked us to defer further action.
- o The only "old" application that a State has not asked us to hold is one from California that would deny additional cash assistance to families following the birth of a child conceived while receiving AFDC. We have offered the State draft terms and conditions on which we would approve that waiver request on more than one occasion, most recently in a letter dated February 1, 1996.

SUMMARY OF PENDING WAIVER APPLICATIONS - As of 5/22/96

TOTAL - 25 applications from 18 States

ACTIVE - Median time pending = 70 days

States Applications - 20 Applications from 17 States

Wyoming (New Opportunities and New Responsibilities: Phase II - Amendments)

Received: 5/13/96 Pending: 9 days

Wisconsin (Work Not Welfare and Pay for Performance Demonstration Projects - Amendments)

Received: 5/8/96 Pending: 14 days

Hawaii (Pursuit of New Opportunities (PONO) Program)

Received: 5/7/96 Pending: 15 days

Tennessee (Families First)

Received: 5/1/96 Pending: 21 days

Kansas (Actively Creating Tomorrow for Families Demonstration)

Received: 4/30/96 Pending: 22 days¹

Maryland (Family Investment Program)²

Received: 4/26/96 Pending: 26 days

Michigan (To Strengthen Michigan Families Demonstration - Amendments)³

Received: 4/26/96 Pending: 26 days

Minnesota (Work First Program)

Received: 4/4/96 Pending: 48 days

Minnesota (AFDC Barrier Removal Project)

Received: 4/4/96 Pending: 48 days

California (California Work Pays Demonstration Project - Amendments)⁴

Received: 3/13/96 Pending: 70 days

California (California Work Pays Demonstration Project - Amendments)⁵

Received: 3/13/96 Pending: 70 days

Utah (Single Parent Employment Demonstration - Amendments)

Received: 2/7/96 Pending: 95 days

Indiana (Impacting Families Welfare Reform Demonstration Project - Amendments)

Received: 12/14/95 Pending: 160 days

Oklahoma (Welfare Self-Sufficiency Initiative)

Received: 10/27/95 Pending: 207 days

New Hampshire (New Hampshire Employment Program)⁶

Received: 10/6/95 Pending: 228 days

Florida (Family Responsibility Act)

Received: 10/4/95 Pending: 230 days

Maine (Welfare to Work Program)

Received: 9/20/95 Pending: 244 days

New Hampshire (New Hampshire Employment Program and Family Assistance Program)

Received: 9/18/95 Pending: 247 days

Illinois (Six Month Paternity Establishment Demonstration)

Received: 7/18/95 Pending: 309 days

Georgia (Jobs First Project)

Received: 7/5/95 Pending: 321 days

INACTIVE (State has not accepted reasonable offer)

1 applications from 1 State

California (California Work Pays Demonstration Project - Amendments)⁷**INACTIVE (State has asked us to hold further Federal action)**

4 applications from 3 States

California (California Work Pays Demonstration Project - Amendments)⁸**New Hampshire (Earned Income Disregard Demonstration Project)⁹****Pennsylvania (School Attendance Improvement Program)****Pennsylvania (Savings for Education Program)****NOTES:**

1. Proposal significantly amends a previously pending proposal received 7/26/94. We were prepared to approve the earlier proposal on April 14, 1995, but the State asked us to hold Federal action pending the outcome of national welfare reform legislation.
2. Would expand provision of currently operating pilot component statewide and add additional statewide provisions.

3. Would amend current demonstration by adding requirements that minor parent live in supervised setting and attend school.
4. Would add provisions to the previously approved California Work Pays Demonstration Project that reduced Maximum Aid Payment (MAP) statewide and established region-based MAP and need standard.
5. Would add provision not to deem grandparent's income to a minor parent's child living in same household to the previously approved California Work Pays Demonstration Project.
6. Portion of currently pending application resubmitted under Fast Track/30 day approval procedures.
7. Would add family cap provision to the previously approved California Work Pays Demonstration Project.
8. Would add provisions to decrease benefits after periods of time on assistance to the previously approved California Work Pays Demonstration Project.
9. Application received 9/20/93. It would have increased earned income disregards for applicants and recipients. State was sent draft terms and conditions on which we could have approved the project October 28, 1993 but chose not to pursue any further action on the project. They never formally responded in writing nor withdrew the proposal. However, their newest proposal includes a different increase in earned income disregards and many other features.

Status of Welfare Reform Waiver Applications

QUESTION:

What is the status of the pending waiver requests from California?

ANSWER:

- California currently has four requests for welfare reform demonstration pending. Each proposes various amendments to the operating Assistance Payments Demonstration Project and California Work Pays Demonstration Project. They include:
 - The first application, dealing with reductions in AFDC cash benefits related to the amount of time a family has been on assistance was received March 14, 1994. The State asked us to hold our review of a request.
 - The second application, would implement a family cap under which additional benefits would not be provided to a family following the birth of a child conceived while receiving AFDC. It was received November 9, 1994. Draft terms and conditions on which we might reach an agreement were offered to the State in August of 1995 and February of this year. However, the State has rejected these terms and conditions.
 - Two other applications were recently received on March 13. We have begun a review of these applications and published a description in the Federal Register in order to facilitate public comment. We have also requested, and are waiting for, information from the State concerning how they would prefer to structure one of these initiatives.
- We have approved five previous applications from the State.

QUESTION:

What is the status of the pending waiver request from Florida?

ANSWER:

- HHS received the waiver request, "Family Responsibility Act," on October 4, 1995.
- A list of questions and issues was sent to the state on January 22, 1996.
- After discussions with the state, draft terms and conditions were sent on April 18, 1996.
- We are awaiting the state's response and expect to move toward final terms and conditions soon.

QUESTION:

What is the status of the pending waiver request from Georgia?

ANSWER:

- HHS received Georgia's request for waivers to implement the Jobs First demonstration on June 30, 1995.
- ~~Shortly after the proposal was submitted, we were asked to curtail our review for several months, because a State legislator had indicated a desire to submit an amendment to a pending bill to terminate the proposal. At the end of the session the amendment had not materialized, and we were subsequently asked to resume the review process.~~
- However, shortly afterward, the State asked us to again defer action on Jobs First in order to concentrate our efforts on another waiver request (Work for Welfare) that the State had also previously asked us to temporarily hold action. That proposal has since been approved and implemented.
- At the State's request, we resumed our review of the Jobs First proposal and sent the State a list of issues and questions resulting from our Federal review on January 19, 1996. We are waiting to receive the State's response before moving forward on a final decision.

QUESTION:

What is the status of the pending waiver request from Hawaii?

ANSWER:

- HHS received Hawaii's welfare reform waiver request earlier this month, on May 7.
- We have begun a Federal review of the application. In accordance with our procedures for processing these requests, we will published a description of the state's proposal in the Federal Register allowing for a 30-day public comment period.

QUESTION:

What is the status of the pending waiver request from Illinois?

ANSWER:

- HHS received Illinois' request for waivers to implement the Six-Month Paternity Establishment Demonstration on July 18, 1995.
- Draft terms and conditions on which we might reach an agreement were offered to the State in November of 1995 and February of this year. However, the State has rejected these terms and conditions.
- Based on continued discussions with the state, we sent revised draft terms and conditions on April 24. We are currently waiting for the state's response.

QUESTION:

What is the status of the pending waiver request from Indiana?

ANSWER:

- Indiana's pending welfare reform waiver request, which would amend the currently operating "Impacting Families Welfare Reform Demonstration," was originally received on December 14, 1995 and additional amendments were received on February 6, 1996.
- On March 4, 1996 we sent the State a list of issues and questions resulting from our Federal review of the proposal. We have been waiting to receive the State's response before moving forward. On May 20 we had a conference call with state staff to discuss the questions and issues and will shortly send them draft terms and conditions.

QUESTION:

What is the status of the pending waiver request from Kansas?

ANSWER:

- HHS received the state's original welfare reform waiver request, "Actively Creating Tomorrow for Families," on July 26, 1994 and received amendments on April 30, 1996.
- Draft terms and conditions on which approval could be granted were sent to the state on March 15, 1995.
- Final terms and conditions of approval were being sent to the Secretary for a decision on April, 1995 when the state requested that a final decision be put on hold.
- We received the amended request on April 30, 1996 and met with state officials on May 13.
- We have begun to draft terms and conditions which we will send to the state soon.

QUESTION:

What is the status of the pending waiver request from Maine?

ANSWER:

- BHS received the "Welfare to Work Program" waiver request from the state on September 20, 1995.
- On October 19, 1995 we sent the state a list of questions and issues. We received partial responses to these questions and issues over several months between January and April 1996.
- Draft terms and conditions were sent to the state on April 26 and a conference call was held on May 2 to clarify remaining questions.
- We expect to send revised terms and conditions to the state shortly and move toward a final decision soon.

QUESTION:

What is the status of the pending waiver request from Maryland?

ANSWER:

- HHS received Maryland's welfare reform waiver request, "Family Investment Program - Amendments," on April 26, 1996.
- We have begun a review of the application, published a description in the Federal Register in order to facilitate public comment, and begun discussions with the state.

QUESTION:

What is the status of the pending waiver request from Michigan?

ANSWER:

- Michigan's pending welfare reform waiver request, which would amend the currently operating "To Strengthen Michigan Families Demonstration Project," was received April 26, 1996.
- We have begun a Federal review of the request and a letter addressing certain issues of concern was sent to the State May 3.

Background

- Michigan also submitted another non-welfare reform waiver request which remains pending. It would permit the State to divert up to 10 percent of a family's AFDC benefit to a shelter provider who obtains a court judgment for nonpayment of rent or property damage.
- HHS's is currently reviewing waiver issues related to request.

QUESTION:

What is the status of the pending waiver request from Minnesota?

ANSWER:

- BHS received two welfare reform waiver applications, "Work First Program" and "AFDC Barrier Removal," on April 4, 1996.
- We met with state officials on May 16 to discuss issues and obtain clarifications.
- We are drafting terms and conditions which we will send to the state.

QUESTION:

What is the status of the pending waiver requests from New Hampshire?

ANSWER:

- We received New Hampshire's request for waivers to implement the New Hampshire Employment Program and Family Assistance Program on September 18, 1995.
- We promptly notified the State that a significant portion, but not all of the waiver request was eligible for expedited review and approval under our fast-track process. The State submitted a separate request for these provisions on October 6, 1995 and we promptly sent draft terms and conditions to the State less than two weeks later.
- The State never accepted terms and conditions under the fast-track review, so we proceeded to work diligently with State staff to reach an agreement on the whole package.
- After resolving initial issues and reaching an oral agreement, we sent the State draft terms and conditions on March 19, 1996.
- We have continued discussions with the State on additional issues, but are waiting on the State to provide language on amendments they are proposing to their program.
- As soon as we receive these amendments, we are confident that we will issue a final decision on New Hampshire's proposal.

QUESTION:

What is the status of the pending waiver request from Oklahoma?

ANSWER:

- We received Oklahoma's request for waivers to implement the Welfare Self-Sufficiency Initiative on October 27, 1995.
- An analysis paper was sent to the State on January 26, 1996, shortly after we returned from the Federal shutdown.
- The State did not send a response to these issues until April 4, 1996.
- We have resolved the remaining issues with the State and expect to send Oklahoma draft terms and conditions within the next week. If they find these acceptable, we would move promptly to issue a final decision on their waiver.

QUESTION:

What is the status of the pending waiver requests from Pennsylvania?

ANSWER:

- Two applications are pending from Pennsylvania.
- HHS received Pennsylvania's request for waivers to implement the School Attendance Improvement Program September 12, 1994. An analysis paper listing issues and questions identified as a result of a Federal review of their application for the School Attendance Improvement Program was sent to the State in November of 1994. The State is currently working out details with potential school districts before getting back to us to continue the process of finalizing a decision on this proposal.
- At our suggestion, the State is also currently exploring whether they would prefer to implement the provisions of their proposed Savings for Education Program through State plan amendment rather than as a demonstration project requiring waivers. The application was received December 29, 1994.

Background

- The State also recently wrote us to ask whether there are any impediments to receiving approval of waivers to allow the State to deny AFDC to a person who has been sentenced for a felony or misdemeanor offense or who fails to appear at a criminal court proceeding when summoned as a defendant and to allow the State Police and Board of Probation and Parole to have access to recipient identification (finger imaging) records.
- We sent a letter responding that we do not have the legal authority to approve such waivers. The Secretary of Health and Human Services may approve waivers under authority of section 1115 of the Social Security Act only for demonstrations that serve the objectives of the Act, i.e., to furnish financial assistance and increase family capability for self-support. The proposed provisions do not seem to serve those purposes but rather appear to serve only criminal justice objectives.
- The letter also says that we support their intentions and explain the parameters under which they may assist law enforcement officials in their duties under the Act. continue to receive public assistance and remain financially dependent on taxpayers. Under section

QUESTION:

What is the status of the pending waiver request from South Carolina?

ANSWER:

- HHS received the waiver application, "Family Independence Program," on June 12, 1995.
- We worked with the state to resolve issues and clarify their proposal.
- On May 3, 1996 we issued final terms and conditions of approval to the state to implement their demonstration.

QUESTION:

What is the status of the pending waiver request from Tennessee?

ANSWER:

- HHS received Tennessee's request for waivers to implement Families First on May 1, 1996.
- We have begun a Federal review of the proposal and have begun initial discussions with the State.

QUESTION:

What is the status of the pending waiver request from Utah?

ANSWER:

- HHS received the waiver application, "Single Parent Employment Demonstration - Amendments," on February 7, 1996.
- A list of questions and issues was sent to the state on April 3, 1996.
- Based on the response from the state, we are drafting terms and conditions which we expect to send to the state shortly.

QUESTION:

What is the status of the pending waiver request from Wisconsin?

ANSWER:

- HHS received the welfare reform waiver application, which would amend two previously approved demonstrations, on May 8, 1996.
- We are currently reviewing the proposal and will publish a description in the Federal Register to facilitate public comment.

QUESTION:

What is the status of the pending waiver request from Wyoming?

ANSWER:

- HHS recently received the welfare reform waiver request, "New Opportunities and New Responsibilities - Phase II (Amendments)," on May 13, 1996.
- We are currently reviewing the proposal and will publish a description in the Federal Register to facilitate public comment.

MEMORANDUM

TO: Carol Rasco, FAX 456-7028
Diana Fortuna, FAX 456-7028
Chris Jennings, FAX 456-2878
Bill White, FAX 456-6218
Becky Ogle, FAX 530-1386

FROM: Rhoda Schulzinger, Bazelon Center for Mental Health Law
Marty Ford, The Arc

RE: Impact of Welfare Reform Bill on People with Disabilities

DATE: 7/24/96

Attached is a copy of the letter sent today to the President by members of the disability community urging him to veto the welfare reform legislation because of its devastating impact on people with disabilities.

If you have questions, you can call Rhoda at 467-5730 or Marty at 785-3388.

Consortium for Citizens with Disabilities

July 24, 1996

The Honorable William J. Clinton
The White House
Washington, D.C. 20500

Dear President Clinton:

The undersigned members of the disability community are gravely concerned about the drastic consequences of the Republican welfare reform legislation on children and adults with disabilities and their families.

By making massive and unnecessary cuts in critical life-sustaining programs, the welfare bill would irreparably injure adults and children with disabilities. Our most serious objections to the bill are the following:

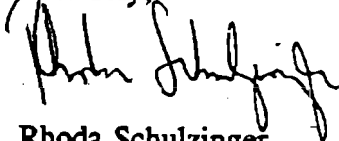
- Major reductions in the children's Supplemental Security Income (SSI) program will threaten low-income families' ability to raise their children with severe disabilities at home. At least 300,000 children with severe disabilities would lose access to benefits over the next six years. Families who lack adequate resources to care for their children may be forced to place their children in state institutions -- at enormous cost to taxpayers.
- Children who no longer qualify for SSI may also lose Medicaid and no longer be able to receive early intervention services or appropriate medical assistance and long-term care. The combination of losing SSI and Medicaid will be devastating for countless low-income families who already face a daily struggle to provide for their children. They will turn to state and local governments for more assistance, creating higher costs for taxpayers.
- Most legal immigrants with disabilities, including those who became disabled long after coming to this country, will lose access to SSI and food stamps. These provisions are even more punitive than the vetoed HR 4 conference agreement or the House- and Senate-passed immigration legislation.
- Unprecedented cuts in the food stamp program will curtail access for people with disabilities who depend on them for basic nutrition. Currently, over 10 percent of households receiving food stamps have at least one person with a disability. Food stamps are critical to many people with disabilities who live in community-based group arrangements.

The Honorable William J. Clinton
July 24, 1996
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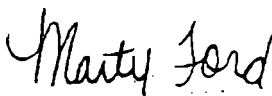
All segments of the population must share the burden of reducing our country's deficit. It is unconscionable to ask only the most vulnerable people -- those who are poor, those with disabilities and those who have moved here for a better life -- to shoulder the cost of balancing the budget.

We urge you to veto the Republican welfare bill because it will significantly harm people with disabilities. It is possible to restore confidence in public assistance programs without undermining the ability of countless children and adults with disabilities to achieve the greatest possible independence.

Sincerely,



Rhoda Schulzinger
Bazelon Center for Mental Health Law



Marty Ford
The Arc

On behalf of:

American Academy of Child and Adolescent Psychiatry
American Association of University Affiliated Programs
American Association on Mental Retardation
American Network of Community Options and Resources
American Psychological Association
American Rehabilitation Association
Autism National Committee
Autism Society of America
Bazelon Center for Mental Health Law
Disability Rights Council of Greater Washington
Epilepsy Foundation of America
Federation of Families for Children's Mental Health
Legal Action Center
National Association of Developmental Disabilities Councils
National Association of People with AIDS
National Association of Protection and Advocacy Systems
National Association of School Psychologists
National Association of the Deaf
National Easter Seal Society
National Mental Health Association
National Organization for Rare Disorders
National Parent Network on Disabilities
National Senior Citizens Law Center
The Arc
United Cerebral Palsy Associations

Tuesday, July 16, 1996

EXECUTIVE ACTION ON WORK

Today, President Clinton took action to move people from welfare to work. Under new proposed rules, participants in the JOBS program will now be expected to work within two years of receiving assistance. The new rules will dramatically change expectations for both welfare recipients and welfare agencies -- to ensure that work becomes a primary goal for both. The Department of Health and Human Services also released a report today showing that 28 states have been granted welfare waivers under the Clinton Administration to implement time limits. These states are sending a strong message that welfare must be a transitional support system, rather than a way of life.

A NEW FOCUS ON WORK

Today, the President is directing HHS to propose rules to move people from welfare to work. Now, all welfare recipients in the JOBS program will be required to sign personal responsibility plans to require work within two years. Individuals who refuse to work even though a job is available will lose AFDC benefits. With today's action, the Clinton Administration is helping people move to self-sufficiency, by providing opportunity, but demanding responsibility in return.

A REPORT OF SUCCESS

Today, HHS released a report showing that 28 states now have some form of time limit in place. Ten states require work after a certain period, 14 states time-limit cash assistance, and four do both.

Work-oriented time limits. Ten states are linking assistance to work. Many of these states require recipients to develop personal employability plans outlining specific work-oriented goals and deadlines and enforce the agreements with sanctions that include the reduction or denial of benefits. In return, states may offer services such as training, employer subsidies, and extended Medicaid and child care coverage. For example, Colorado requires AFDC recipients to work or participate in a training program after two years. Vermont also requires AFDC recipients to participate in community service or public service jobs after they have received assistance for 30 months. Today, the President is requiring all 50 states to follow these states' lead and ensure that JOBS participants move into work within two years.

Cash assistance time limits. Fourteen states are placing an overall time-limit on assistance. For example, North Carolina limits assistance to two years and requires recipients to sign a personal responsibility contract and work a minimum of 30 hours per week. Florida limits cash assistance to a maximum of 24 months in any five-year period.

Work and time-limited assistance. Four states are time-limiting assistance and requiring work after a certain period. For example, Illinois's "Work and Responsibility" demonstration project operates statewide, and includes a 2-year time limit on AFDC when the youngest child in the family is 13 or older, with good cause extensions. Families that reach the time limit and do not qualify for extensions will be ineligible to reapply for further assistance for two years. New applicants with children 5-12 years of age must participate in job search and employment and will be assigned to community service if they have not found a job by the end of six months. Delaware also requires recipients to sign a work-oriented contract and work after two years, limiting assistance to a total of four years.

ENDING WELFARE AS WE KNOW IT

Since taking office, the Clinton Administration has approved a record 67 welfare reform demonstrations in 40 states. Welfare caseloads are down by 1.3 million people, the poverty rate is down, teen pregnancy rates are down, and Food Stamp rolls are down, while work and training activities among recipients are up and child support collections have reached a record high. The President has repeatedly called for bipartisan welfare reform legislation this year. If Congress sends the President a bipartisan welfare reform bill that requires work, promotes parental responsibility, and protects children, he will sign it. Until then, President Clinton will continue his commitment to ending welfare as we know it — in each and every state.

STATES WITH TIME LIMITS

Currently, 28 states have some form of time limit in place. Ten states require work after a certain period, 14 states time-limit cash assistance, and four do both.

10 states currently require work or work activity within a specific time frame:

Colorado
Georgia
Maryland
Michigan
New Hampshire
North Dakota
Oklahoma
South Dakota
Vermont

14 states have cash benefit time limits:

Arizona
Connecticut
Florida
Indiana
Iowa
Louisiana
Nebraska
North Carolina
Ohio
Oregon
South Carolina
Texas
Washington
Wisconsin

Four states have cash benefit time limits which also include specific time-frames for work:

Delaware
Illinois
Missouri
Virginia

TIME-LIMITED WELFARE REFORMS: ENDING WELFARE AS WE KNOW IT

*A Report on State Initiatives by
the Department of Health and Human
Services
July 16, 1996*

STATE WELFARE DEMONSTRATIONS WITH TIME-LIMITED ASSISTANCE

Currently, 28 states are time-limiting assistance under welfare reform demonstrations approved by the Clinton Administration. These states are making welfare a transitional support system, rather than a way of life, by providing opportunity, but demanding responsibility in return.

As under the Administration's Work and Responsibility Act, many of these states are requiring recipients to develop personal employability plans and self-sufficiency agreements containing specific goals and deadlines, and enforcing the agreements with sanctions that include reduction or denial of benefits. In return, many states offer services such as counseling, training, employer subsidies, and supports families need to move into jobs, including extended Medicaid and child care coverage.

The 28 states implementing time-limited assistance include: Arizona, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Iowa, Louisiana, Maryland, Michigan, Missouri, Montana, Nebraska, New Hampshire, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Texas, Vermont, Virginia, Washington, and Wisconsin. Of these 28 states, 10 require work within a specified time frame, 14 time-limit cash benefits, and 4 states do both.

Many of the states are concentrating first on AFDC recipients in the existing JOBS (Job Opportunities and Basic Skills) program, but encouraging JOBS participants to work rather than attend education or training programs. Most states are also combining time limits with other reforms, such as child support enforcement initiatives, work incentives, and work requirements.

STATES REQUIRING WORK WITHIN A SPECIFIED TIME FRAME

Colorado: Under Colorado's "Personal Responsibility and Employment Program," parents who are able to work or able to participate in a training program must do so after receiving AFDC benefits for two years. Individuals who refuse to perform the assignments can face a loss of AFDC benefits. This demonstration operates in five counties.

Georgia: Under Georgia's "Work for Welfare" demonstration, in effect in ten counties, adults who have received AFDC payments for 24 of the previous 36 months are required to work up to 20 hours per month at an assigned job in local, state or Federal government, or at a non-profit agency. If work is not available, time may be spent in job search. Courts may order non-custodial parents who are delinquent in child support payments to also take part. Failure to participate can result in the loss of the individual's benefits for one month the first time, 3 months the second, and 2 years the third. Benefits to children are not affected, and participation is not required if transportation is not available.

Maryland: Maryland's "Family Investment Program" (FIP), operating under a pilot demonstration in Anne Arundel and Prince George's counties and parts of Baltimore, requires able-bodied AFDC applicants to participate in job search as a condition of eligibility. After six months of non-compliance, a case will

be closed, resulting in denial of AFDC benefits for the entire family. Closed cases can be reopened only if an applicant complies with JOBS requirements for 30 days. Closed cases may receive up to three months of non-cash transitional assistance through a third party, such as a non-profit organization.

Michigan: The expanded "To Strengthen Michigan Families" welfare demonstration requires AFDC recipients to participate in either the Job Opportunities and Basic Skills Training Program (JOBS) or Michigan's "Social Contract" activities that encourage work and self-sufficiency. Michigan is also testing the requirement that AFDC applicants participate in job search, by actively seeking employment while eligibility for AFDC is being determined. This demonstration operates statewide.

Montana: Montana's "Families Achieving Independence" has three components: the Job Supplement program, AFDC Pathways program, and Community Services program. The Job Supplement program helps at-risk families avoid becoming welfare dependent by providing a one-time payment of as much as three times the monthly AFDC payment the family would otherwise be eligible to receive. Other AFDC applicants must enroll in the AFDC Pathways component and sign a Family Investment Agreement that limits benefits to 24 months for one-parent families and 18 months for two-parent families, with some exceptions. Adults who do not leave AFDC by the end of the time limit must enroll in the Community Services program and perform 20 hours of community work per week. Children's AFDC benefits will not be time-limited, and they will continue to be eligible for Medicaid and food stamps. This demonstration operates statewide.

New Hampshire: The statewide "New Hampshire Employment Program" (NHEP) requires Aid to Families with Dependent Children (AFDC) recipients to undertake job search efforts within six months of first receiving benefits, followed by six months of participation in work activities, with some exceptions. Sanctions are increased for non-cooperation or refusal of a job offer.

North Dakota: "Training, Education, Employment and Management" (TEEM) operates in 10 North Dakota counties. TEEM requires recipients to develop a personal responsibility contract with a time limit for attaining self-sufficiency. Failure to comply with the contract brings progressive sanctions, up to and including loss of AFDC benefits for the entire family.

Oklahoma: Under Oklahoma's "Mutual Agreement - A Plan for Success" (MAAPS), after receiving AFDC benefits for three years in any five-year period, recipients still unable to find a job are required to work at least 24 hours a week in a subsidized job. An agreement between the recipient and the state assesses abilities and outlines rights, responsibilities and consequences. MAAPS operates in six counties.

South Dakota: South Dakota is initiating its "Strengthening of South Dakota Families Initiative" that encourages welfare recipients to undertake either employment or education activities. The program assigns AFDC participants to either an employment or education track that enables them to move from dependency to self-sufficiency. Individuals enrolled in the employment track will receive up to 24 months of AFDC benefits; those participating in the education track will receive up to 60 months of AFDC benefits. Upon completion of either track, participants will be expected to find employment, or failing that, will be enrolled in approved community service activities. Individuals who refuse to perform the required community service without good cause will have their benefits reduced until they comply. This demonstration operates statewide.

Vermont: Vermont's statewide "Family Independence Project" (FIP) requires AFDC recipients to participate in community or public service jobs after they have received AFDC for 30 months for most AFDC families, and 15 months for families participating in the unemployed parent component of AFDC.

STATES TIME-LIMITING CASH ASSISTANCE

Arizona: EMPOWER (Employing and Moving People Off Welfare and Encouraging Responsibility) establishes statewide a time limit on adult AFDC benefits of 24 months in any 60-month period. An additional pilot project operates in three areas of Pinal County. The pilot will provide work experience by placing participants in subsidized jobs for 9 to 12 months, funded by AFDC grants and cashed-out food stamp allotments. Months spent in a subsidized job will not count toward the time limit.

Connecticut: Connecticut's "A Fair Chance" initiative is designed to increase supports, incentives, and work expectations for AFDC recipients. The "Pathways" component, implemented in the New Haven and Manchester areas, requires AFDC recipients to work a minimum of 15 hours a week after two years of AFDC, 25 hours a week after three years, and 35 hours a week after four years. Connecticut's statewide "Reach for Jobs First" demonstration limits Aid to Families with Dependent Children (AFDC) payments to 21 months for employable adults, with extensions for good-faith efforts. Recipients must spend at least 12 weeks in jobs search and can keep all that they earn while on AFDC, up to the Federal poverty line for the family's size. Those subject to the time limit are given priority for participation in JOBS, and non-custodial parents may also participate. There are progressive sanctions for failure, without good cause, to comply with JOBS or child support requirements, including elimination of benefits to the full family for a third offense.

Florida: Florida is implementing a "Family Transition Program" for AFDC recipients in eight counties. Under the plan, most AFDC families will be limited to collecting benefits for a maximum of 24 months in any five-year period. Individuals who exhaust their transitional AFDC benefits but are unable to find employment will be guaranteed the opportunity to work at a job paying more than their AFDC grant. The demonstration also provides a longer period of eligibility -- 36 months in any six-year period -- for families at a high-risk of becoming welfare dependent.

Indiana: Under the "Indiana Manpower Placement and Comprehensive Training Program" (IMPACT), at any point in time, up to 12,000 job-ready individuals statewide will be assigned to a "Placement Track" and receive help in job search and placement. Once on this track, AFDC benefits will be limited to 24 consecutive months. The time limit applies to adult benefits only; children's benefits will not be affected. Case management and supportive services will continue for a period after AFDC benefits end.

Iowa: Iowa is implementing "Family Investment Plan," a statewide reform plan that will encourage AFDC and Food Stamp recipients to take jobs. Recipients, with few exceptions, are required participate in training and support services as a condition of AFDC receipt. They also must sign a Family Investment Agreement (FIA) that outlines activities and time frames for moving from welfare to work, after which AFDC benefits will be terminated when the need for public assistance ends. If a recipient demonstrates effort and satisfactory progress, but is unable to achieve self-sufficiency within the time frame specified in the FIA, the State will extend the time frame. Only parents with a child under 6 months old at home, those working at least 30 hours per week, and the disabled are exempt. Individuals who do not comply with the Family Investment Agreement will have their AFDC benefits phased out over six months and will not be able to reapply for another six months.

Louisiana: Louisiana's statewide "Individual Responsibility Project" limits AFDC recipients to 24 months of benefits within any 60 month period. Exceptions are provided for recipients who are disabled, and those unable to find or keep a job through no fault of their own.

Nebraska: Under Nebraska's demonstration project, most welfare recipients will be given a choice between two time-limited welfare plans. One program will offer slightly lower benefits, but will enable recipients to retain more benefits when they begin to earn income from work. An alternative benefit program will offer slightly higher benefits, but the level of benefits will decrease more quickly when recipients begin to earn employment income. A non-time-limited program will remain in place, but could only be chosen by recipients exempted by the state from enrolling in one of the time-limited programs. Under all three programs, a recipient must develop a self-sufficiency contract with a caseworker. In addition, under the two time-limited programs, cash assistance will be provided for a total of 24 months in

a 48-month period; food stamps will be cashed out; AFDC payments will be slightly reduced; and all adult wage earners must work or participate in job search, education, or training. Two years of transitional Medicaid and child care will be available for recipients who leave welfare for work. The project has been implemented in five counties.

North Carolina: North Carolina's statewide "Work First" demonstration project requires AFDC applicants to sign a Personal Responsibility Contract before their applications can be considered. Once approved, they must work a minimum of 30 hours per week, unless exempted, and are limited to 24 months of benefits, with extensions on a case-by-case basis.

Ohio: "Ohio First" limits Aid to Families with Dependent Children (AFDC) eligibility to 36 months in any 60-month period, with good cause exceptions. As a condition of eligibility for the family, applicants must look for employment while their application is being processed, and must develop a Self-Sufficiency Contract with the state. Progressive sanctions are applied for failure to cooperate with employment activities. This demonstration operates statewide.

Oregon: The statewide "Oregon Option" limits AFDC recipients to 24 months of benefits in any seven-year period, with some exceptions. Nearly all recipients will be required to participate in the demonstration, and progressive sanctions will be imposed for failure to comply with requirements. Eligible participants will be provided subsidized public or private employment for up to nine months at minimum wage or better. The subsidies will be funded by combining AFDC grants and cashed-out Food Stamp allotments. The state will provide supplemental payments if an individual's income is less than the combined AFDC and Food Stamp benefits. Participants will continue to be eligible for Medicaid and will receive workplace mentoring and support services.

South Carolina: South Carolina's "Self-Sufficiency and Personal Responsibility Program," operating in four counties, sets work requirements and provides transitional assistance for program participants. After completing Individual Self-Sufficiency Plans (ISSP's) to help prepare them to become self-sufficient, AFDC recipients have 30 days to find a job in a designated vocational area. If they fail to secure such employment, recipients receive an additional 30 days on AFDC to find any private sector job, after which time they must participate in a community work experience program in order to continue to receive AFDC benefits. Progressive sanctions for non-compliance, up to and including removal of the entire family from assistance, are components of this program.

Under South Carolina's statewide "Family Independence Act" (FIA), AFDC benefits are limited to two years, with good faith extensions. When a family reaches the time limit, if the parent requests an extension, the state may require the family to relocate in order to accept a bona fide job offer in another part of the state. The state will provide relocation assistance, including funds for moving expenses, housing search, child care, and rent for the first month. The relocation provision would apply only to families living in counties where the unemployment rate is 50 percent higher than the rest of the state. The state will also consider good cause exceptions.

Texas: "Achieving Change for Texans (ACT)," a statewide demonstration, sets variable time limits for adult recipients' AFDC benefits, based on education and work experience of adult recipients. The demonstration includes exemptions for those who cannot work and extensions for severe personal hardship for those who live in economically distressed areas. Families will retain Medicaid benefits if AFDC benefits are terminated upon reaching the time limit.

Washington: Washington's statewide "Success Through Employment Program" (STEP), sets time limits on Aid to Families with Dependent Children (AFDC) by progressively reducing benefits after a family has received assistance for four years in a five year period. After four years, the grant will be reduced by 10 percent, and by another 10 percent for each additional year thereafter.

Wisconsin: "Work Not Welfare," operating in two counties, requires that most AFDC recipients either work or look for jobs. The plan provides case management, employment activities and work experience to facilitate employment. Receipt of AFDC benefits is limited to 24 months in a four-year period, except under certain conditions, such as an inability to find employment in the local area due to a lack of appropriate jobs. Upon exhaustion of benefits, recipients become ineligible for 36 months.

STATES REQUIRING WORK WITHIN A SPECIFIED TIME FRAME AND TIME-LIMITING CASH ASSISTANCE

Delaware: Delaware's statewide "A Better Chance" demonstration sets a time limit of 24 months on cash benefits for able-bodied adults over 19 years old. Gradual sanctions can lead to the family losing benefits if participants fail to meet education and employment requirements.

Illinois: Illinois's "Work and Responsibility" demonstration project operates statewide, and includes a 2-year time limit on AFDC when the youngest child in the family is 13 or older, with good cause extensions. Any month in which the family has earned income will not count toward the time limit. Those who fail to find employment within the first year must accept up to 60 hours per month of work subsidized by the AFDC grant. Families that reach the time limit and do not qualify for extensions will be ineligible to reapply for further assistance for two years. New applicants with children 5-12 years of age must participate in job search and employment and will be assigned to community service if they have not found a job by the end of six months.

Missouri: The statewide "Missouri Families - Mutual Responsibility Plan" requires AFDC recipients to sign and fulfill a self-sufficiency agreement that establishes a plan for work and places a two-year time limit on benefits. An additional two years may be allowed, if necessary, to achieve self-sufficiency. Individuals who are not self-sufficient by the end of the time limit must participate in job search or work experience programs. Those who have received AFDC benefits for 36 months or more and have completed their agreement by leaving AFDC will not be eligible for further benefits, with certain good cause exceptions. Children's benefits will not be affected.

Virginia: Under the "Virginia Initiative for Employment Not Welfare (VIEW)," a component of the statewide "Virginia Independence Program (VIP)," non-exempt adult recipients must sign an Agreement of Personal Responsibility or risk termination of AFDC cash benefits. Cash benefits will be limited to 24 cumulative months for cases headed by employable caretakers. During this period, adults must participate in training or employment-related activities. Earned income will be disregarded if earnings plus the AFDC allotment do not exceed the Federal Poverty Guidelines. VIEW participants who cannot find unsubsidized employment can take part in the "Full Employment Program (FEP)," which allows the state to fund private sector subsidized employment by combining AFDC benefits with cashed-out food stamp benefits.

DS - call
studs

Shalala - phone call, letter

13 pending other
8 priority

Stick - ch

d - eval, bn

DS ② wk reqs *

① cse

24 mo.

no tough enj.?
nuc
bmb

Cal - benefit (new/old) - bipart sdeg; ^{no allies} $4\frac{1}{2}\%$ + $4\frac{1}{2}\%$ low cost areas

Haw - ben cut subst.

- Mass - prov.

- Mich - hr smpos; gpc of l w/bs - June?

New - NJ - prep'g legis/reg late M/early J - may be OK; BN is issue BG
spend on day care; may not be prov.

Ny - not in; Silver visited DS, told him our principles; push on eval.

PA - Gov suffered defeat, big deal

- Wisc - guar job - min wage / labor issues / when repl. ; 3 step ladder
copy day care, never permitted; complex h.c.
bipart leg.
imov; want give on eval.

Upfront* impt / shape - agreement

New
NH
MN
Kans

DATE: April 11, 1996
TO: See Fax Sheet or LAN Message for Addressee
FROM: Karl Koerper
Office of Planning, Research and Evaluation, ACF
RE: Weekly Tracking Update - Welfare Reform: Section 1115
Waiver Activity

Report attached.

Total approvals to date: 59 demonstrations in 37 states

Highlights since April 4

- o Approved Demonstrations: Iowa
- o New Applications: Minnesota (2)
- o Other actions:

Sent revised draft terms and conditions to South Carolina.

Sent California (Grandparent Income Deeming) draft terms and conditions to Federal reviewers.

- o Anticipated actions:

Expect to put South Carolina decision packages into final clearance.

Expect to send draft terms and conditions to Florida.

Expect to send revised draft terms and conditions to Illinois (Paternity).

Expect to send Maine, Oklahoma and Utah draft terms and conditions to Federal reviewers.

- o Other notes:

See Pre-Application Contact and Anticipated sections for updated information on Nevada, New Mexico, South Dakota and West Virginia.

W. D. Fortuna
CA - new benefits
NM
PA
NS
SWISE

Date: 05/21/96 Time: 19:31
TReed (Part 1 of 2)

To: National Desk

Contact: White House Press Office, 202-456-2100

WASHINGTON, May 21 /U.S. Newswire/ -- Following is a transcript of a second White House press briefing held today by Press Secretary Mike McCurry along with Bruce Reed, Assistant to the President for Policy Planning (Part 1 of 2):

The Briefing Room

3:35 P.M. EDT

MR. MCCURRY: We're back. Good afternoon ladies and gentlemen. It's pretty clear that Bob Dole today was merely talking about what President Clinton is already doing with respect to welfare reform. And the President is reforming welfare as we know it, allowing states to participate in experiments at the local level as they use their waivers to carry out the kind of welfare reform that the President has long advocated.

As a result of these experiments, welfare rolls are down in this country -- there are 1.3 million fewer welfare recipients today than when the President took office. And child support collections are up, up 40 percent to a record \$11 billion, tracking down deadbeat dads, making sure that kids get the support they're entitled to receive. But, most importantly, there are 10 million welfare recipients, which is 75 percent of the total welfare caseload, that are participating in these experiments at the local level in 38 states as a result of the 61 waivers that the President has approved.

The most significant thing today is the fact that there was no news in this speech. Mr. Dole tried one idea without first checking to see what the President's record was. In fact, drug testing is something that not only has the President authorized through the waivers that he signed, but is, in fact, specifically authorized in the President's version of welfare reform that we submitted to Congress this year. Before he reads his speeches, he ought to read the President's bill and study the President's record with respect to welfare reform.

I've asked Bruce Reed who you know is the White House expert on welfare reform, Assistant to the President for Policy Planning, to walk through the five specific waivers that we've signed that allow drug testing at the state level, and also to take any questions that you've got on what we're doing on welfare reform.

Q Before you do that, on the substance, though, Senator Dole was pretty tough stylistically on the President. He went after him in a very personal and political way. What --

MR. MCCURRY: He is out on the campaign trail, advocating his own election, incurring expenses that the Dole campaign will have to pay for and they are going to run out of money since they've only got \$170,000 plus left. But you should contact Joe Lockhart over at our campaign and they'll respond.

Q What about the personal attacks on the President? He said that Bill Clinton doesn't have to give speeches anymore and can raise his hand and say ``me, too,' ' whenever Bob Dole does something.

MR. MCCURRY: Bereft of any new ideas Senator Dole resorts to personal attacks. Because there is no new substance in anything he said on welfare reform today, so he resorts to personal attacks. That's all he's left with since he clearly didn't study the President's record on this subject, nor is he familiar with the bill that we have submitted to Congress.

Q Mike, just one more thing before you go. The President read -- I mean, Dole read a list of states the President -- where waivers

are still pending, challenging the President to go ahead and grant those waivers while he said that wouldn't be enough, he said it would be something. Is the President prepared to do that?

MR. MCCURRY: We're prepared to work with individual states to authorize the kind of welfare experiments that will be tough, have tough work requirements associated with them, make sure that welfare dependents move from welfare to work situations, but in doing so, making sure that we take care of kids because we have to protect kids who are going to be caught up in these experiments. And what we look for in each of these, as we did with the Wisconsin plan, is what are the work requirements, what are the guarantees for child care, for health care, what kind of commitment is the state going to make to make good on the promises that they develop as part of their package.

Q So that's a maybe?

MR. MCCURRY: No. Look, the record on our approval of waivers is clear. We've approved three times as many waivers for welfare reform experiments as President Bush and Reagan did combined. And we've signed 61 waivers in 38 states. I suspect that by mid-summer we're going to be up to 40 states -- fair to say. You might want to ask Bruce a little bit more about it.

Q One final thing on that same chain, Mike. Now that the President has praised the Wisconsin plan, can you guarantee that he will, in fact, grant the waiver requested by Wisconsin?

MR. MCCURRY: I took that question earlier today and I said based on -- we've only gotten about half of the Wisconsin waiver requests submitted so far, but we don't see any problem with them and can't imagine that there would be any problem approving them. They're going to go through some of the fine points and finalize some of the legal and technical details. But we're in the process of doing it; we're in a 30-day period now and HHS is moving expeditiously on the waiver request.

Q Can you respond to Dole's criticism that some waivers have been sitting around for 210 days and the fact that the waivers have not been given promptly?

MR. MCCURRY: We've got the best expert in the White House for that right here.

MR. REED: Well, as Mike said, we've granted 61 waivers, 38 states, and a number of other waivers are in the pipeline. We'll get more done in the weeks and months to come.

Waivers are sometimes withdrawn by states, sometimes there's a change of leadership in the state; there are lots of reasons why they sometimes take longer. Often they're -- waivers request things that cannot be waived, and we can only grant waivers as far as our legal authority goes.

So, in general, I think even Governor Thompson has gone out of his way on a number of occasions to point out that this President has gone further than any previous President to get waivers done for states. And, obviously, we support national legislation so we can go even further.

Q On the Wisconsin waiver, am I mistaken or wasn't Wisconsin's waiver, the one that the President spoke about Saturday, speeded up very fast from the normal process?

MR. REED: Well, on Saturday the President praised the Wisconsin plan. We've only received half the waiver request and we received it about 10 days ago. The law requires a 30-day public comment period before we can actually grant the waiver.

But the President has granted three waivers to Wisconsin even prior to this one, and he has been following the Wisconsin plan with great interest for some time. The reason the Wisconsin plan came about in the first place is that Democrats in the state legislature proposed that the state of Wisconsin follow the

President's lead in calling for an end to welfare. Governor Thompson agreed to take them up on that. And in 1994 the state legislature voted to end welfare by a date certain and then spend the next legislative session coming up with a plan to carry that out, which passed and was signed into law in April.

So this is -- and as the President said on Saturday, it's one of the most revolutionary plans ever put forward by a state. So it is a -- it's very consistent with what the President has always supported. And it's worth noting that the Wisconsin plan does two things that the President has always advocated that the Republican congressional welfare reform bill failed to do, which is that it guarantees child care and it guarantees health care to welfare recipients.

Q The Senator challenged the President to sign the California and Florida waivers today. What's the story with California and Florida?

MR. REED: Well, we've already given a number of waivers to California and Florida. So I don't want to comment on the particular ones outstanding because I think --

Q You just did on Wisconsin. Why aren't you going to comment on the others?

MR. REED: Well, I just don't have them all in front of me. There are several -- a number of waivers pending from a variety of states. But, as I said, we've gotten more done faster than any President in history, and we'll continue to do so.

Q But this confusion over which waivers are up seems to underscore the point that Senator Dole was making and that is that it would probably be better if you could not do this piecemeal and didn't have to have the federal government granting special dispensations to each state, but enacted some kind of a --

MR. REED: Absolutely. And the President has been fighting throughout this administration to pass a national welfare reform bill that requires work, imposes time limits, includes tough child support measures, and gives states the kind of flexibility so they don't need -- so that they can make these choices on their own.

Q Bruce, hello. The President didn't -- when did the President first put a bill in the hopper that he stood by on welfare reform?

MR. REED: The President introduced a bill in June of 1994. He held a welfare summit at the White House in January of '95.

Q And that bill now -- he's still for that bill, or he's for something else now?

MR. REED: He helped -- he threatened to veto the House welfare reform bill and, in response to that, descended back down and produced a bill that was more acceptable from our standpoint. But in conference, the House prevailed.

(more, more)

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/U.S. Newswire 202-347-2770/
APNP-05-21-96 1934EDT

Date: 05/21/96 Time: 19:33

TReed (Part 2 of 2)

To: National Desk

Contact: White House Press Office, 202-456-2100

WASHINGTON, May 21 /U.S. Newswire/ -- Following is a transcript of a second White House press briefing held today by Press Secretary Mike McCurry along with Bruce Reed, Assistant to the President for Policy Planning (Part 2 of 2):

Q What about the welfare -- the work first and personal responsibility act of 1996? Now, that's not the same as what he offered in 1994 now, is it?

MR. REED: No, it's a bill that is -- the President's principles on this issue have not changed. He's always been for time limits; he's always been for work requirements; he's always been for tough child support enforcement; he's always been for requiring minor mothers to live at home. The bills in the current Congress would achieve more savings than our initial bill, which was revenue-neutral, which is in part because we're working hard to come up with a seven-year balanced budget plan.

But the Wisconsin plan, as I said earlier, is much closer to the President's initial pledge to end welfare as we know it than the Republican conference report that the President vetoed.

Q But it's not quite like any of the welfare bills he's offered, is it?

MR. REED: Well, it's actually -- in general, it's quite similar -- it requires work, it invests in child care and health care, it has a five-year lifetime limit. So in that respect -- and I think we have a table that we can pass out that shows exactly why the Wisconsin plan is closer to the President's plan than it is to the Republican conference report that the President vetoed.

Q This is a kind of technical thing. The Senator had another idea, which was instead of getting cash he would give vouchers for things that mothers need -- diapers, et cetera. Now, it's kind of specific, but what does the White House -- or is this contained in any of the waivers that you've had and what is the White House position on something like that? In other words, keeping cash from being used for drugs.

MR. REED: Well, we've been very supportive of the notion of states being able to provide in-kind assistance as an alternative to cash for people who hit the time limit or families with additional children born on welfare. Vouchers are often used -- are often proposed as a way to do that. The administration has also fought hard to take welfare benefits out of the equation for drug addicts. The administration supported and the President signed changes to the -- what's called the DA&A Program -- Drug Assistance and Alcoholism Program, which until our changes were signed into law allowed drug addiction to be considered a disability and qualified people for SSI benefits. We've changed that. It will move tens of thousands of drug addicts off the rolls.

While I'm at it, if I could just walk you through -- since Senator Dole made it a point to highlight the issue of drug testing, this is something that, with help from the Clinton administration, a number of states are already doing. We've granted five waivers to states to do drug testing and drug treatment -- most recently in South Carolina. We also have a tough program in place in Texas. And you can look through -- we have plans in Ohio, Oregon and Connecticut as well.

And the other important point to note is that what Senator Dole proposed today, that states should be able to do this, is already allowed under the President's bill. So that's not a new idea at

all. The President's bill allows states to require recipients to sign personal responsibility contracts. States can make drug abstinence one of the conditions if they choose to. So there's nothing new.

Senator Dole had kind words to say about other proposals that the President has put forward, including he made a -- he spoke favorably of the tougher child support enforcement and mentioned a number of proposals that the administration put forward in 1994 which, under pressure from the administration, the Republican Congress agreed to in 1995, and both Houses of Congress have included in all the welfare reform bills that have been taken up in this Congress.

Q You mentioned a statistic earlier that the President has approved more waivers than Reagan and Bush put together. I'm assuming the President obviously would not accept waivers unless requested and that's a fairly new phenomenon. What other statistics for the Bush and Reagan administrations? And are you asserting that they turned down waivers that were requested?

MR. REED: I don't have the batting average on every administration. But I can tell you this, that ``the quiet revolution'', as The New York Times called it, that is going on in the states right now is in large measure due to the fact that the President, as a candidate, called for an end to welfare as we know it. It's no coincidence that we've seen a tremendous surge in the number of welfare reform initiatives in the states.

Every state is -- virtually every state is taking the President up on his call, and that is why we've been flooded with waiver requests. That's why there's been a tremendous amount of interest, though, unfortunately, little action at the congressional level to do national welfare reform. And it's also important to note that even though we've heard a lot of talk about welfare reform from a lot of previous Republican administrations, that there was no major reform proposed by the Bush administration, not nearly the kind of activity in terms of waivers for child support enforcement as we've had in this administration.

As Mike said, welfare rolls are down 1.3 million since we took office. Food stamp rolls are down by 1 million. Child support enforcement is up 40 percent and the President has taken repeated actions, which Mike mentioned -- executive order to require all federal employees to pay their child support, executive action to require all minor mothers to stay in school as a condition of benefits, regulatory change so that no longer will food stamp benefits go up when a recipient is sanctioned for refusing to work; and then, of course, the 38 states and 61 waivers.

THE PRESS: Thank you.

END 3:52 P.M. EDT

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/U.S. Newswire 202-347-2770/

APNP-05-21-96 1936EDT

Date: 05/22/96 Time: 08:44

DDole, Clinton Welfare Proposals At A Glance

Sen. Bob Dole's welfare reform proposal would:

Require able-bodied welfare recipients to find work within two years or a shorter period of time if the state desires.

Recognize the states' right to deny welfare to recipients who test positive for drug abuse.

Give states power to halt cash welfare payments to unmarried teen-agers who have children on welfare.

Impose a five-year lifetime limit on welfare payments with exceptions for those unable to work.

Deny all but emergency medical services to illegal immigrants.

Establish a uniform tracking system to enforce child support payments nationwide.

President Clinton's welfare reform proposal would:

Require able-bodied parents with needy children to find work within two years or lose their benefits.

Provide child care programs to help low-income parents on welfare find a job or keep one.

Give states financial incentives to move families from welfare to work.

Maintain a flexible funding structure for states to continue meeting their welfare caseloads when economic downturns cause more families to seek assistance.

Revoke driver and professional licenses for parents who refuse to pay child support.

Improve interstate laws to find delinquent child support payers.

APNP-05-22-96 0847EDT

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

16-May-1996 01:48pm

TO: Carol H. Rasco

FROM: Diana M. Fortuna
Domestic Policy Council

CC: Elizabeth E. Drye

SUBJECT: Michigan minor mothers waiver

FYI, Rahm sent the President a note about a waiver request received a few weeks ago from Michigan on minor mothers. His note said that the best follow-up to the radio address on keeping minor moms in school would be for HHS to immediately approve the waiver. The President forwarded you and Leon a note saying something like, "unless something bad/wrong with it, I agree."

I am following up with HHS. They say that for the most part it is very approvable and is similar to what we pushed in the radio address. One problem is the state's request to waive food stamps, which may not be legally possible. The 30-day public comment period is over on May 26, so that is theoretically when it could first be approved. It seems prudent to get it done quickly, given the similarity to the radio address.

I will keep you posted.

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

16-May-1996 01:24pm

TO: Carol H. Rasco

FROM: Diana M. Fortuna
Domestic Policy Council

CC: Elizabeth E. Drye
CC: Jeremy D. Benami

SUBJECT: radio address

The current plan for this week's radio address to talk about welfare reform; in particular Bruce is designing some positive things for the President to say about the Wisconsin waiver and either the Georgia or Indiana waivers. (FYI, the President will be in Wisconsin next Thursday with Kohl of Germany; Dole will be there two days earlier, on Tuesday.) I will work with him and HHS on the language.

On Wisconsin, in addition to the child care issue that you're somewhat familiar with (based on the NY Times op-ed), there are also labor issues (worker replacement), and a very complex Medicaid alternative.

Date: 05/21/96 Time: 13:34
DPrecede WASHINGTON

FOND DU LAC, Wis. (AP) Vowing to end liberalism's ``greatest shame,' ' Bob Dole today endorsed a five-year lifetime limit for welfare benefits and said states should have the option of testing recipients for drug use.

In a speech in Wisconsin, Dole said President Clinton has repeatedly promised ``to end welfare as we know it,' ' but has twice vetoed Republican welfare reform plans.

``As we have seen time and time again ... the words of candidate Clinton bear no relation to the actions of President Clinton,' ' Dole said.

To support his argument, Dole noted that the White House was already retreating from Clinton's weekend embrace of a Wisconsin welfare-to-work experiment. ``Too often, President Clinton's statements are like the tornadoes in the movie `Twister' it looks like a lot is happening, but in reality it's all just special effects.' '

Looking back, Dole said welfare and other Great Society programs were ``liberalism's greatest hope, its greatest boast. Today, it stands as its greatest shame; a grand failure that has crushed the spirit, destroyed the families and decimated the culture of those who have become enmeshed in its web.' '

If elected president, Dole said he would:

Require all able-bodied welfare recipients to find work within two years. States would have the right to impose stricter work requirements.

Give states the power to halt cash welfare payments to unmarried teen-agers.

Impose a five-year lifetime limit on welfare payments with exceptions only for those unable to work.

Deny all but emergency benefits to illegal immigrants. Clinton has vigorously opposed such measures.

``Above all, I'm entrusting the nation's governors with the flexibility they need to create the laboratories of our democracy,' ' Dole said. ``President Clinton's plan means trusting only federal bureaucrats in Washington.' '

As evidence of his commitment to state experiments, Dole said states should have the right to deny welfare benefits to individuals who test positive for drug use when applying for jobs. He also said that states, if they wish, should be allowed to drug-test welfare recipients themselves.

Some advisers had pushed Dole to support a federal drug-testing requirement as a condition for welfare. But aides said Dole rejected this advice on grounds it was inconsistent with his view that such details be left to the states.

Dole's speech: 5th graf a0529
APNP-05-21-96 1337EDT

WELFARE REFORM WAIVERS REQUIRING DRUG TESTING OR TREATMENT

The Clinton Administration is giving states the tools they need to get welfare recipients off drugs, and to get tough with those who refuse to cooperate.

- o South Carolina: Earlier this month, HHS approved a waiver to allow random testing of welfare recipients identified as having drug problems. Those who refuse to comply with treatment can lose all welfare benefits.
- o Ohio: Approved in March 1996, this waiver requires pregnant women to participate in substance abuse screening as part of prenatal care, with sanctions for failing to comply.
- o Oregon: Also approved in March 1996, Oregon requires welfare recipients identified as having drug problems to participate in diagnosis, counseling, and treatment. Failure to comply results in sanctions that culminate in a cutoff of the grant.
- o Connecticut: Under a waiver approved in August 1994, welfare recipients with identified drug problems must comply with drug treatment, with sanctions for failure to do so.
- o Texas: Through a waiver approved in March 1996, applicants must sign a drug abstinence statement. Recipients convicted of drug crimes after signing the statement are subject to increasing sanctions.

[Any responsible plan for drug testing and treatment must deal with constitutional and ADA concerns. While addressing these legitimate issues, the Administration has given states the authority to crack down on those who abuse drugs or alcohol while on welfare.]

N T
N T

EXECUTIVE OFFICE OF THE PRESIDE
EXECUTIVE OFFICE OF THE PRESIDE

20-May-1996 08:34pm

TO: Bruce N. Reed

FROM: Diana M. Fortuna
Domestic Policy Council

SUBJECT: Drug piece

Here is the document. Section in brackets is optional; you may want to drop it.

I use the term "drugs" throughout, rather than drugs and alcohol, which I assume is OK.

I will also send you this as a file, so you can edit it if you want.

Two things:

1. Texas welfare recipients who are convicted of a drug crime are not as bad off as we assumed: they are subject only to a \$25 reduction in their grant for each conviction.
2. So that we are not overzealous in our South Carolina rhetoric, I should note the following quote from HHS's terms and conditions of the waiver:

"In no instance shall failure to pass a random test, by itself, constitute a non-compliance with treatment... Failure to pass such a random test shall not constitute the basis for a sanction, but may constitute grounds for review by a professional who will determine if there are additional indicators of substance abuse."

STATE	INITIATIVE	KEY DATES	COMMENTS
Wisconsin	Statewide, would implement W2 Program which would eliminate entitlement to cash benefits; in lieu of tying benefit payments to family size, would place individuals in jobs or in one of three jobs programs with different benefit levels: subsidized jobs, trial employment, community service or transitional placement; time limit benefits for participants to 24 months/5 year lifetime, with limited extensions; increase resource limit to \$2500 and vehicle equity limit to \$10,000; replace AFDC-related Medicaid coverage with health plan covering families with income below 200% of the Federal Poverty Level (FPL) that spend down to 165% of FPL which also requires co-payments; and allow Department of Industry, Labor and Job Development to contract with other private or public agencies to administer W2 if a county opts not to administer the program. May separately submit request to require recipient co-payment for child care.		Legislature considering proposal.

Wisconsin's Welfare Boomerang

By Harriet Brown

MADISON, Wis. Everywhere I turn, I read the praises of Wisconsin's Governor, Tommy G. Thompson, for the welfare overhaul he has rammed through our Legislature and for which the Federal Government is soon expected to approve the necessary waivers. The plan, called Wisconsin Works, is being hailed as yet another way to "end welfare as we know it."

But if Wisconsin is to be held up as a model for welfare reform, the nation should know the reality behind the hype. Hidden in the rhetoric is an extremely dangerous provision.

The plan has been described as providing generous child-care subsidies to poor families. The aim is noble: to make it easier for parents to work and get off welfare. Yet while total state spending for care will go up, the amount spent for each child will go way down. In fact, families making more than 165 percent of the poverty level — about \$1,500 a month for a family of three — will lose child-care financing entirely. Families making less will still be eligible for subsidies, but their co-payments will be much higher than under existing rules. According to the Wisconsin Women's Network, a

Harriet Brown is writing a book on child care.

single parent in Milwaukee who makes \$1,600 a month and has two children in a licensed day-care center will see co-payments rise from \$62 a month to \$910.

Obviously, most poor families won't be able to afford licensed care. So the state is creating a new category of child-care workers, currently called "provisionally certified providers." Unlike licensed providers, who must complete 80 hours of courses, the new workers will not be required to obtain any training. It's not yet clear whether they will even

The Thompson plan is a recipe for woeful child care.

be subject to health and safety regulations. They'll just have to pass a criminal background check.

Because the provisionally certified workers will not have to meet state licensing requirements, the logic of the market goes, they also won't merit as much money for their services. Today, a licensed center here in Dane County, is reimbursed about \$115 a week per eligible child. But provisional providers would be reimbursed only half that amount. Because many poor parents would have to make proportionally high co-pay-

ments for child care, they would have no choice but to select this discount help.

John Gard, chairman of the state Assembly's welfare reform committee, says the idea behind provisional care is to allow grandmothers, cousins and neighbors to take care of children whose parents are required to have jobs under Wisconsin Works.

"My mother raised eight children," he said at a hearing on the bill. "Are you going to tell me that she has to go back to school and get training to take care of my son?" His comeback was snappy but flawed. First, having children does not make you a good "caregiver." Second, research shows that one of the most reliable indicators of good child care is the pay of the workers providing it. When wages are low, the employees can't afford to stay in their jobs, and turnover is high. The Wisconsin plan sends the message that people who take care of younger children are worth little — that anyone can do it.

Mandated cheap care will depress the wages of every day-care provider, licensed or not. Low wages translate into lower quality care across the board, not just for poor children.

But I'm most worried about what will happen to the poor children who will be shunted into provisional care when Governor Thompson's plan begins to take effect later this year. How will their days be spent? Sitting in car seats, propped in front of televisions? Surely they deserve better. And surely it is in society's best interest to see that they get it. □

F.B.I. Scare Tactics

Richard Moran

The incongruity arises because of the way the law defines violent or example, aggravated assault either in

murdered. But to arrive at these troubling figures, the F.B.I. considered all unsolved homicides, including drug-related killings, as homicides committed by strangers, thus creating an

PHOTOCOPY
PRESERVATION

**OFFICE OF THE MAYOR
CITY OF MILWAUKEE**

FAX COVER SHEET



DATE: May 15, 1996

PLEASE DELIVER TO: John Monahan

FROM: David R. Riemer
Chief of Staff

NUMBER OF PAGES INCLUDING COVER SHEET: 5

**IF YOU HAVE ANY PROBLEMS WITH THIS TRANSMISSION, PLEASE
CALL (414) 286-3453.**

MAYOR'S OFFICE FAX NUMBER IS (414) 286-3191.

MESSAGE:

Attached is a letter the Mayor recently sent to the New York Times in response to a May 3 editorial on W-2. (A copy of the editorial is attached.) I thought you would like to know the Mayor's thinking about the flaws he sees in W-2 as you consider the Thompson administration's waiver request.

If you have any questions about Mayor Norquist's views on this matter, please contact me at 414-286-8577.

John O. Norquist
Mayor

May 13, 1996

Milwaukee
150
1846 1996

Letters to the Editor
The New York Times
229 West 43rd Street
New York, NY 10036

Dear Letters to the Editor:

Your critique of Wisconsin's new plan to replace welfare with a work-based system ("Wisconsin's Bold, Risky Welfare Plan," May 3, 1996) fell shy of the mark. You faulted Wisconsin Works (known locally as W-2) for some of its best features, while failing to emphasize several of its most serious flaws.

You are wrong, for instance, to claim that President Clinton's plan to allow AFDC recipients cash grants for up to two years before requiring work is superior to W-2, which permits no such grace period. When able-bodied adults ask government for help, it's in their own best interest that they immediately go to work. Letting them linger on welfare for two years will only leave them with a lower income. A two-year spell of cash grants will also so distance them from the discipline of the workplace, that they'll face a tough time when they later try to move into private-sector jobs.

A second defect you claimed in the Wisconsin plan, its refusal to permit education and training in lieu of work, is another of W-2's virtues. The Clinton plan's willingness to let education and training substitute for work never made sense. Study after study has shown that enrolling low-income recipients in education and training programs that are divorced from real jobs doesn't work. The millions that have been spent on educating and training low-income adults in a vacuum is one of this nation's untold tragedies. The Wisconsin approach is far better.

Your editorial noted, correctly, that W-2 errs in imposing an arbitrary limit on community service jobs. A limited number of low-income adults will never succeed in getting work in the private sector. In addition, we have not outlawed recessions; over the course of a low-income adult's life, she or he may face long stretches of unemployment due to downturns in the economy. W-2's arbitrary cut-off of community service employment after five years is both silly and unfair. Giving bureaucrats the power to make exceptions on a case by case basis, which W-2 permits, is an inadequate answer.

Office of the Mayor
City Hall
200 East Wells Street
Milwaukee,
Wisconsin
53202
(414) 286-2200

Page 2
May 13, 1996

But the biggest problems with W-2 are five flaws your editorial never mentioned. I repeatedly urged Governor Thompson and the legislature to correct these mistakes. Regrettably, they remain embedded in W-2.

First, although W-2 claims to end welfare entirely, for over half of all ex-AFDC recipients what it really does is replace AFDC with a brand new form of welfare. According to the Thompson administration's own estimates, 75% of ex-AFDC recipients will continue to get cash grants every month. They will have to "work off" their cash grants in two types of community service jobs; if they don't engage in either work or what is loosely described as "work-related activity," their cash grants will be "sanctioned." But these individuals won't have real jobs. They won't be paid wages. They won't pay taxes. They won't qualify for the Earned Income Tax Credit (including Wisconsin's own supplemental Earned Income Tax Credit). They won't get regular paychecks. And--irony of ironies--the 75% of ex-AFDC recipients enrolled in W-2 will not get W-2 forms.

Second, the Wisconsin plan often fails to make work pay. This is because for many low-income adults struggling to improve their wages, increases in earnings are more than wiped out by the W-2 plan's rapid escalation of child care co-payments. Harriet Brown's op-ed piece ("Wisconsin's Welfare Boomerang," May 7, 1996) also made this point. The independent Wisconsin Legislative Fiscal Bureau showed that in certain cases, as wages rose from \$4.25 an hour to \$12 an hour, total disposable income (taking wages, the EITC, Food Stamps, taxes and all co-pays into account) declined from over \$15,000 to under \$12,000.

Third, W-2 replaces Medicaid with a new health care plan that, while theoretically covering more people, creates huge practical barriers to enrollment and cuts off thousands from subsidized health insurance long before they're able to afford to join a private plan. Most observers have concluded that Wisconsin's uninsured population will increase starkly.

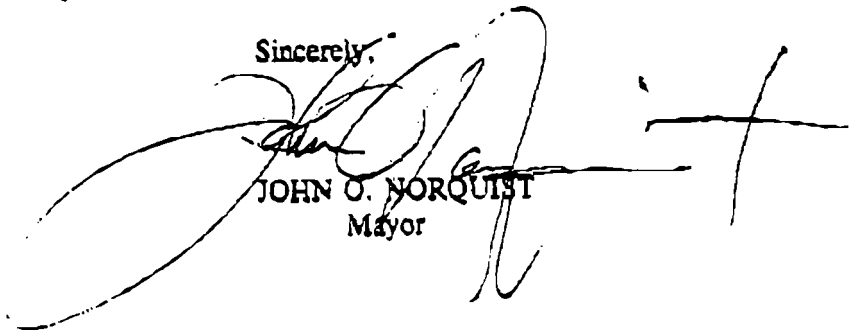
Fourth, Wisconsin's plan perpetuates the worst defect (if often least discussed) of the current welfare system: it only helps families with children. W-2 thus ignores absent parents (mostly fathers), whom we want to pay child support. And it ignores childless individuals (both women and men), whom we want to encourage to avoid creating children until they are in a position to provide financial support.

Page 3
May 13, 1996

Fifth, W-2 perpetuates the massive bureaucracy of the current welfare system. Most people think the federal bureaucracy is big, but it's small compared to the welfare bureaucracy of the fifty states. W-2 could have been a way to clear Wisconsin's bureaucracy out of the way. But the state's welfare bureaucrats somehow hijacked W-2 while Governor Thompson wasn't looking. The policies they built into the program--such as doling out cash grants and then checking to see if work happened, and imposing mindbogglingly complex rules for health care coverage--turned W-2 into a vehicle for achieving the bureaucrats real goal: long-term job security for themselves.

The ball is now in President Clinton's court. Governor Thompson will soon be submitting a request for a mega-waiver to Washington. The President should resist the advice of federal welfare bureaucrats to water down W-2. He should take advantage of Wisconsin's plan by insisting that it become a vehicle for replacing welfare with a non-bureaucratic system that immediately offers the able-bodied poor real work from which they earn real wages.

Sincerely,



JOHN O. NORQUIST
Mayor

NY Times May 3, 1996 Wisconsin's Bold, Risky Welfare Plan

Gov. Tommy Thompson has signed far-reaching legislation that, if he gets Washington's approval, would make Wisconsin the first state to end its welfare program. Under the law, the state would instantly stop giving cash aid to able-bodied applicants. Instead they would be put to work in private-sector jobs, subsidized if need be, or in community-service jobs.

There is much to admire in Wisconsin's forthright emphasis on work and support services. Mr. Thompson is one of the few Republican leaders who acknowledges the fact that welfare reform is expensive. The plan will initially exceed Wisconsin's current welfare expenditures by about \$40 million a year, or 13 percent. The program would provide generous health and child-care subsidies to all working-poor families, not just those on welfare. That way welfare parents would no longer face the loss of these key benefits when they find work. The plan would also allow mothers to keep most of the child-support payments that are made by absent fathers. Individuals who are incapable of holding steady jobs could receive ongoing support for engaging in limited work and rehabilitation activities.

But there are troublesome provisions that are most easily seen by comparing the Wisconsin plan with President Clinton's welfare proposal. Mr. Clinton would have allowed welfare parents to spend up to two years in training or education programs. The Wisconsin plan provides for no training that is separated from work. This may steer some parents from intensive literacy and other needed training.

Mr. Clinton's plan would have imposed a two-year time limit on cash benefits, after which parents who obeyed the rules would be given a public-sector job if they could not find work on their own. The Wisconsin plan would impose no time limits on

health or child-care benefits. But it would set a time limit of five years on job subsidies, without any commitment to extend the limit for parents — perhaps half of those who start out in subsidized jobs — who obeyed the rules but could not find unsubsidized work.

Mr. Thompson points out that, under his plan, the state would have the leeway of extending job subsidies beyond five years on a case-by-case basis. Guarantees, he says, muffle the welfare parent's incentive to find work and invite endless judicial challenge. That may be so. But his proposal exposes innocent children to risk. The record of states in creating public service jobs is poor. What happens when Wisconsin ends aid not tied to work, but fails to create the 40,000 jobs it might take to empty out its welfare rolls? What happens if Wisconsin's economy turns sour and the state cannot find money to cover health benefits for needy families?

Mr. Clinton's best response is to embrace the good parts of the Wisconsin plan without embracing all of its risks. He should insist that the plan be phased in slowly so that, for example, welfare benefits of large families would not, as proposed, be cut quickly. Wisconsin should be required to monitor its programs and publicize how many needy parents are thrown out of subsidized work. Mr. Clinton should also require a concrete commitment from Wisconsin that it will spend whatever it takes to provide the benefits it has promised.

Mr. Clinton's pledge to "end welfare as we know it" — with its ironclad job offer for parents who obey welfare rules — is better than Wisconsin's pledge to end welfare, period. But Mr. Clinton can nevertheless embrace Wisconsin's right to experiment as long as he insists that the state smooth the plan's harshest edges.

DATE: April 25, 1996

TO: See Fax Sheet or LAN Message for Addressee

FROM: Karl Koerper
Office of Planning, Research and Evaluation, ACF

RE: Weekly Tracking Update - Welfare Reform: Section 1115
Waiver Activity

Report attached.

Total approvals to date: 59 demonstrations in 37 states

Highlights since April 11.

- o Approved Demonstrations: None
- o New Applications: None
- o Other actions:

Revised draft terms and conditions sent to Illinois (Paternity) and South Carolina.

- o Anticipated actions:

Expect to put South Carolina decision package into final clearance (Illinois also possible).

Expect to send Maine, Oklahoma and Utah draft terms and conditions to Federal reviewers.

- o Other notes:

See Pre-Application Contact section for updated information on Kansas, Maryland, New York and Pennsylvania.

Expect new applications from Kansas and Maryland by months end.

CA legis - Beau 2 pending
(we finished...)
2 new

FC 2021 pending
legis has passed all
Min Dean's - No, don't
Mod D's - not sure

Why not appr -
worked out Beau

2 plan model underlying
FC -

1st time minor moms
(2 states - yes
would do for.

WVSC - legal policy

2 counties → SW on cold turkey
No E

SC Fri - Sat address minor moms & WR

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

01-May-1996 10:51am

TO: Diana M. Fortuna

FROM: Carol H. Rasco
 Domestic Policy Council

CC: Bruce N. Reed
CC: Elizabeth E. Drye

SUBJECT: HHS and Waivers

I have spoken to the Secretary this a.m. about both welfare and medicaid waivers and the need to look very closely together at the coming months and status of these waivers.

duh! She was going to try to talk with Kevin to tell him to get with us to follow up as she says they have paper and strategy ready to go on this, they are convinced governors are sending in things heavily slanted toward things they know we can't approve in order to embarrass us. I told her we not only need to see paper but will need to have a meeting in my office with HHS staff at least and then perhaps with Leon to thoroughly discuss all this.

*1 1/2 hrs
next
w/c* As follow up I need for you Diana to touch base with Kevin today or tomorrow and we need to look at two meetings, one on medicaid waivers and one on welfare waivers. I would like to do welfare first and try to do it next week. We should set aside one hour with my schedule actually free for an additional half hour. As I mentioned yesterday, we should try to keep these small. We should invite OMB and INTERgovernmental (one person each) to both meetings, you should design an agenda that you and I agree upon and send them or transmit verbally to HHS, not allow them to simply come and present.

From White House I would say you and Eliz and I should be in both meetings. For welfare Bruce and Rahm should be here, for medicaid ask Chris. I will do memo to Leon and Harold and see if they they have anyone from political they want here.

Other thoughts?

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

01-May-1996 10:59am

TO: Jennifer Palmieri
TO: John O. Sutton
TO: Evelyn S. Lieberman

FROM: Carol H. Rasco
 Domestic Policy Council

CC: Elizabeth E. Drye
CC: Diana M. Fortuna

SUBJECT: HHS Waivers

FYI to Leon, Harold, Evelyn:

Per Leon's request I have talked to the Secretary of HHS about welfare reform waivers and I will be meeting with the Dept. personnel next week on status.

To alert you, three types of waivers will be in a state of ongoing evaluation over the coming months at HHS:

1. The new child welfare waivers for which we can approve ten per 1994 legislation, the first of which will be approved in the next two to three weeks. We had a lengthy meeting in my office yesterday on this with HHS and at present all parties are on track.
2. Welfare Reform: There are serious problems here with numbers of waivers being submitted and some of the components. It is going to be a mess. We will as stated above meet next week to get a complete picture of the situation with HHS, my staff, Intergovernmental, Rahm, and OMB. Is there anyone from political that needs to be present?
3. Medicaid: We will have a similar meeting with HHS/HCFA and again OMB, Intergovernmental, my staff in two weeks on these waivers. Again, anyone you want present from political?

It is my hope that at the end of another two weeks we will know if this has to be discussed further with HHS in a meeting with you all. We will certainly at the end of that period be able to give you a timeline with all red flags identifiable to date indicated.

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

01-May-1996 06:16pm

TO: Diana M. Fortuna

FROM: Carol H. Rasco
 Domestic Policy Council

CC: Bruce N. Reed
CC: Julie E. Demeo

SUBJECT: RE: welfare waiver meeting

The only day I am in that next week is Friday when I had hoped to do medicaid waivers, but since you feel they are not as compelling and I can't tolerate two waiver meetings in one day we should do welfare on that Friday. I note Julie held some hours that afternoon for you on medicaid waivers....I have just cut that back by one hour as I have to leave here at 4 p.m. that day to make a personal appt. If they have this extra time it seems to me that means they can get paper to you by Monday of that week, you can devise questions, etc. and can Fed. Ex. paper to me on my trip to read as I return to DC.

(I knew he would try to put you off...even though the Secretary tried to convince me they were ready to meet tomorrow, have all their work done on this, she was "so proud we're ahead of the White House on this one." I knew it wasn't the case.....)\

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

02-May-1996 10:44am

TO: Carol H. Rasco

FROM: Bruce N. Reed
Domestic Policy Council

CC: Diana M. Fortuna
CC: Julie E. Demeo

SUBJECT: RE: welfare waiver meeting

for what it's worth, I think it's a mistake to give them extra time -- their product won't be any better, and we'll just be further behind. we should at least force them to meet on N.J., Wisconsin, Calif, and Michigan -- the others can wait till the week after. Remember -- we're going to have to follow this first mtg up with a Leon lower-the-boom mtg, so let's not delay too long. It's only a matter of time before Dole takes Tommy Thompson up on his invitation to visit Wisconsin and trash the Pres on WR.

Wisconsin--W2

- o I was pleased to hear that the state of Wisconsin has recently submitted a bold welfare reform plan to the federal government.
- o While we don't yet have sufficient detail to judge all the parts of the plan, I am excited by its basic thrust.
- o Instead of simply providing cash to a family that applies for benefits, the state would guarantee work along with the necessary supports such as child care to enable work. We look forward to working with the state to realize a vision of welfare based on work, that protects children and is fair to families that work.
- o Work in the private sector would of course be the primary objective, but where that was not available, the state would provide work that the recipient would be required to perform to get assistance.
- o Just as I urged two weeks ago, to better prepare young parents for their responsibilities, the Wisconsin plan would strengthen its current requirements for minor parents to be in school with tougher rules for requiring them to live at home.
- o Work with necessary supports, rather than unconditioned welfare certainly represents my values and the values of the American people. ?

Talking Points: President's Visit to Wisconsin

- o My Administration is committed to working with States to allow flexibility in the design of new approaches to their local welfare problems while assuring that proposals are legally allowable and meet Federal standards.
- o Supporting, encouraging, and requiring employment should be the keys to any serious approach to reform welfare. The essential elements of Wisconsin's proposed amendments to their current welfare reform demonstrations, Pay For Performance and Work Not Welfare, appear to aim for those objectives.
- o Expanding necessary supports such as child care for working families and those struggling to join the work force is a critical element of significant welfare reform, and I applaud Wisconsin's intention to do this.
- o I am especially pleased that Wisconsin is following my directive to the States to require teenage parents on welfare to live with their parents or with other responsible adults. Parents or other caring adults should assist, support, and guide their parenting teenage children, and Wisconsin appears ready to put such a plan into action.
- o ? We are aware that there is some controversy surrounding elements of Wisconsin's most recent plan. We have already heard from state legislators including members of Wisconsin's Black legislative caucus; religious organizations including the Archdiocese of Wisconsin and the Interfaith Conference of Greater Milwaukee; and the American Federation of State, County, and Municipal Employees. Our welfare reform application process includes a 30-day public comment period, and we are committed to considering public comments on all welfare reform proposals.
- o Our staff at the Department of Health and Human Services has already begun to work with staff at the Wisconsin Department of Health and Social Services to discuss elements of the proposed waiver amendments.

Issues to be further discussed and resolved include the following:

The proposal does not appear to ensure that individuals who, through no fault of their own, cannot obtain or maintain employment would be allowed an extension to the AFDC time limits. This Administration has approved time limits as part of state welfare reform demonstrations only when we are convinced that they protect children ~~and do not~~ punish families in which the adults are playing by the rules.

- * It appears that benefit levels for parents who are disabled may be lower than those for other participants. This would be unfair and would violate the Americans With Disabilities Act.
- ? . Many labor and religious organizations have contended that work might be at less than the minimum wage.
- . We are concerned that larger AFDC families in Wisconsin would experience a benefit reduction at the same time that these parents are required to increase their work efforts to ready themselves and their families for unsubsidized employment.
- . There are potential legal and policy issues related to required co-payments for child care.
- . Further, we are concerned that the State would deny children's benefits in the first instance when an adult does not comply with the program. Other states have implemented more progressive sanction schedules so that children's benefits are not be jeopardized when an individual is first sanctioned.
- . Finally, there is a legal problem with the proposal to provide foster care benefits rather than AFDC benefits to a child who is eligible for AFDC.
- o My Administration is proud of the way we have worked with States to implement and test alternative approaches and policies to the current welfare system. I am committed to trying to resolve these issues and any others that arise.
- o We will work with Wisconsin in a spirit of partnership as we continue to identify sound approaches for aiding low income families and children to attain their full potential.

Maryland--Family Investment Program

- o The state of Maryland also recently submitted an exciting reform plan.
- o Maryland would begin by providing child care and other assistance where it can prevent families from ever having to come on welfare.
- o It would also strengthen work, child support and anti-fraud requirements for those who come on assistance.
- o In addition, it would provide employment and other assistance to non-custodial parents to enable them to find work and pay child support.
- o Again, there are further details we need to obtain from the state, but we look forward to working with the them to enable them to implement bold welfare reform.

MARYLAND - Family Investment Program (FIP)**Description:**

7
1
Statewide, would introduce new provisions and expand, with some modifications, previously approved Family Investment Program (FIP) pilot county provisions to be statewide:

- o Impose immediate full-family sanctions for fraud and for failure to cooperate with JOBS or child support enforcement requirements.
- o Replace the current \$90 and \$30-and-one-third exclusions with a flat 20% earned income deduction.
- o Eliminate the \$50 child support pass-through.
- o Reduce the adverse notification period to 5 days.
- o Allow case managers to set AFDC certification periods up to 1 year and require eligibility to be re-established before the end of each certification period.
- o Allow \$2,000 in countable resources and exclude one vehicle per household, life insurance, and certain real property.
- o Count stepparent income only if it is more than 50% of the poverty level.
- o Allow non-custodial parents and stepparents to participate in JOBS.
- o Provide welfare avoidance grants of up to 3 months benefit amount (up to 12 months in special circumstances).
- o Allow IV-A child care funds in lieu of AFDC for families diverted from cash assistance.
- o Modify JOBS program requirements.

Status:

Application received: April 26, 1996

Proposed implementation date: July 1, 1996

The Boston Globe

5-24-96

Weld seeks 2-year cap on welfare benefits

By Doris Sue Wong
GLOBE STAFF

Gov. William F. Weld, spurred by President Clinton's praise for a welfare reform plan in Wisconsin that places a time limit on welfare benefits, yesterday renewed his request for federal permission to impose a two-year cap on welfare cash assistance.

"Let's see what he does with this," said Weld. "If the feds rapidly approve our request for a time limit, then I would be less inclined to say they are politicking. If they still don't give us this, I am going to want to know why."

Michael Kharfen, a spokesman for the US Administration for Families and Children in Washington, said, "We gave Massachusetts a waiver before, and if their new waiver is as good as Wisconsin's we'll get that done, too."

Wisconsin is proposing a five-year lifetime limit on welfare cash grants, taking into consideration "local labor market conditions and extreme individual barriers," said Kharfen.

The Weld administration applied for a federal waiver last year to implement a welfare overhaul plan, which the Legislature approved by a 10-1 ratio and the governor signed into law. The waiver is necessary because the reforms conflict with federal welfare regulations.

Negotiations over the waiver, however, stalled over the proposed time limit. Under the proposal, welfare recipients who are able-bodied and whose youngest child is age 2 or older could receive a total of only 24 months of cash assistance within a five-year cycle. The Weld administration estimated half of the 86,400 families now in the Aid to Families with Dependent Children program would fall under the proposed two-year limit.

The Clinton administration insisted that people who search but cannot find jobs that pay at least the same amount as their welfare benefits be exempted from the time limit.

Weld rejected the condition, charging it would create a huge loophole in the two-year cap and it would be better for the welfare commissioner to grant exemptions on a case-by-case basis. Instead, the governor accepted a partial waiver that allowed the state to implement the other reforms, such as a work requirement for all able-bodied recipients and no additional cash aid for parents who have more children after going on welfare.

Weld's Health and Human Services secretary, Gerald Whitburn, said a time limit on benefits is crucial to motivating people to work, likening the concept to the 80-week cap on unemployment benefits.

Lisa Sanderson of the Women's Alliance in Framingham, an advocacy group composed of welfare recipients, said some people do not move off welfare quickly and stay off because of various obstacles, including lack of health insurance, child care and housing.

"I don't think it is a luxury to live off of welfare," said Sanderson. "People are in crisis, whether it be because of domestic violence, the way they were brought up or other personal crises. We are trying to put the pieces of our lives together, and for some people it takes some time to put the pieces together."

Weld renews request for Clinton OK on welfare cap

By CONNIE PANGE

Hoping to further cut already shrinking welfare rolls, the Weld administration yesterday renewed its request to federal officials to cut off benefits to recipients after two years.

Gov. William F. Weld said he was resubmitting the proposal because of President Clinton's recent pledge to give states more flexibility in welfare reform. The Clinton administration turned down the state's prior request to set a two-year cap earlier this year.

"This is how we get people off welfare and into work," Weld said.

But Betsy Wright of the Massachusetts Human Services Coalition charged the policy, if implemented, would harm children.

"Nothing's changed," she said. "Children need someone to care for them just as much as they did in 1996. Jobs are just as hard to find as in 1995. And I hope the Clinton administration is just as concerned about not leaving children destitute as they were in 1995."

After a new welfare law passed the Legislature in February, the Weld administration asked federal officials for a waiver from federal law to implement it.

The new law required recipients to work and limited them to two years of cash benefits in a five-year period.

While federal officials allowed most of the reform to go forward, the two-year limit was denied.

Yesterday's action by the state comes days after Clinton announced he would accept a strict welfare reform proposal with time limits from Wisconsin.

Weld predicted swift federal approval yesterday, saying "I take President Clinton at his word on this one. He has said 30 days. The stakes are too high and too many people are watching to let this one slide."

Weld said 40 percent of the state's 86,402 welfare recipients, or about 34,660 families, have been getting checks for more than four years.

Weld said he wasn't certain how many of the long-term recipients were disabled and could not work, but estimated about half were in that category.

That figure was developed by Secretary of Health and Human Services Gerald Whitburn, who called it a "dependency profile."

In a briefing with reporters, Whitburn said research shows the length of time recipients are staying on welfare is increasing. A study in the 1980s indicated 65 percent of recipients would spend eight or more years on welfare. In more recent studies, the time has risen to an average 12.98 years, he said.

"Won't it be fun to come in next February, take another snapshot and see if we're successful in changing this dependency profile?" Whitburn said.

~~CONFIDENTIAL~~ THE PRESIDENT HAS SEEN
5/28/96

policy effects--tended to exaggerate the growth rate of Medicare benefits. When adjustments for these factors are taken into account, the gap between the Medicare and private health insurance spending narrows considerably, to 5.6% per enrollee for Medicare and 3.6% per enrollee for private health insurance.

Welfare Proposal for Utah: Utah's proposal, which would amend the current Single Parent Employment Demonstration (SPED), is in the final stage of Departmental review and may be approved in the next few weeks. These amendments would require preschool children to be immunized and other children to attend school. These provisions would initially be limited to one site and later expanded to other SPED sites.

- **LA County:** On May 21, HHS representatives met with representatives from LA County and the State of CA in Washington, D.C. to discuss the next phase of the county's Section 1115 demonstration project. The meeting was very productive. All parties agreed on a process to develop a comprehensive restructuring plan for the county's health care system and made good progress toward agreeing on modified terms for the second year of the waiver.
- **Medicare Trustees' Report To Be Released:** On June 5, the Annual Report of the Board of Trustees for the Hospital Insurance Trust Fund and the Supplementary Medical Insurance Trust Fund will be released.
- **New Treatment for Pancreatic Cancer:** On May 15, FDA approved Eli Lilly and Co.'s Gemzar, for treatment of patients with inoperable pancreatic cancer. Pancreatic cancer affects about 27,000 people each year.

Diana Fortuna
67451

24TH STORY of Level 1 printed in FULL format.

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LENGTH: 1555 words

HEADLINE: Governors Applaud Welfare Speeches From Clinton, Dole

GUESTS: Gov. TOMMY THOMPSON (R-WI); Gov. HOWARD DEAN (D-VT);

BYLINE: BERNARD SHAW

HIGHLIGHT:

Republican Governor Tommy Thompson and Democratic Governor Howard Dean say both President Clinton and Senator Bob Dole gave helpful and productive speeches on welfare reform today at a meeting in Vermont.

BODY:

BERNARD SHAW, Anchor: They have different party affiliations, but Howard Dean and Tommy Thompson have common bounds. As leaders of their states and as the outgoing and incoming chairmen of the National Governors Association.

Joining us now to talk about today's welfare reform speeches by the president and Senator Bob Dole are Governor Dean, Democrat of Vermont and Governor Thompson, Republican of Wisconsin.

Gentlemen, first Mr. Thompson, enough flexibility in these plans?

Gov. TOMMY THOMPSON (R-WI): Oh. I think so. I'm- I was very impressed by both of the speakers. I think Senator Dole did an excellent job outlining his welfare reform bill that's gonna be taken up in the U.S. Senate on Sat- Friday or Saturday. And then President Clinton came in and gave us a great deal of encouragement on flexibility on waivers. So I think both speakers were very good in that they gave us messages that governors love to hear - flexibility and opportunities.

BERNARD SHAW: Governor Dean, you satisfied?

Gov. HOWARD DEAN (D-VT): I was very pleased. The president was- I gave- I thought, a pretty remarkable, substantive speech. Basically, he said that if you want to require people to work, if you want to require fathers to go to work or pay child support, if you want to require time limits on benefits, all you've

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5-13-96

Carol - FYI.
Diana

THE WHITE HOUSE

WASHINGTON

96 MAY 11 P2:33

May 10, 1996

MEMORANDUM TO THE CHIEF OF STAFF
FROM RAHM EMANUEL R.E.
SUBJECT WEEKLY REPORT

WELFARE: The radio address on welfare received positive and extensive coverage around the country. It also caught the Republicans on the Hill totally off guard and flat footed. Congressman Shaw called HHS and praised the Administration for its political deftness.

Two weeks ago Michigan sent their welfare waiver provision for teen moms to HHS. The best follow up to the President's radio address is for HHS to immediately approve this waiver.

We had a meeting this week with HHS to review their pending waivers. The political objective concerning these waivers will be our ability to demonstrate our support publicly. We have planned for Secretary Shalala to call the Governor and outline our support and then follow up with a letter of general endorsement from Mary Jo Bane.

In the coming weeks the House Ways and Means Sub-Committee will mark-up a new welfare bill along the lines of the Governor's proposal. They have already indicated that they are going to tie the new welfare bill to Medicaid. They have also indicated that they do not expect the President to sign the bill.

CRIME/DRUGS: On Monday the President will announce a new Juvenile Crime bill. The bill will be announced at a White House meeting with United States attorneys on gangs. (The event was originally scheduled for April 3rd at the Justice department.) The legislation is the responsible next step in the battle against the increasing rate of juvenile crime.

In addition to the Juvenile legislation, we are preparing for the President's speech for the Memorial for Police Officers and the announcement in St. Louis next Friday of funding for 8,863 new police officers.

The signing of the sexual predator legislation should be made a significant event here at the White House. I think we should sign the legislation Wednesday morning before we depart for the Police Memorial. The signing should occur in the Oval

Handwritten note: "Carol + Diana support for sign"

Handwritten note: "Lee, Chas, Mary, Val, John, Wit, Logie"

Handwritten initials: "R.E."

ID:

4-C 5/6/96

Beasley's office denies welfare reform finished

Associated Press

COLUMBIA — A statewide welfare reform project was approved Friday, according to federal officials and two South Carolina lawmakers in Washington. But a spokeswoman for Gov. David Beasley said nothing has been settled yet.

U.S. Sen. Ernest "Fritz" Hollings and U.S. Rep. John Spratt, both Democrats, sent out news releases announcing that President Clinton had waived restrictive federal guidelines so that South Carolina could proceed with the Family Independence Act.

"This plan for South Carolina combines tough time limits and sanctions with incentives to work," Hollings said.

Beasley spokeswoman Ginny Wolfe, however, said state officials are still looking over the waivers and the deal has not been finalized. "The fact of the matter is, nothing has been agreed to," she said.

Beasley, a Republican, wants to review what the Clinton administration proposes. "He's committed to true welfare reform — not welfare reform that's in name only," Wolfe said.

"I just want to reiterate that all these press releases are coming from Democrats who have fought true welfare reform tooth and nail," she added.

Michael Kharfen, a spokesman with the U.S. Health and Human Services Department, did not immediately return a phone call seeking comment.

Tennessee, TN
4-19-96

Sundquist welfare reform may not leave the House

Subcommittee wants to study smaller projects

By **DUREN CHEEK**
and **LARRY DAUGHTREY**
Staff Writers

Gov. Don Sundquist's welfare-reform plan remained stalled yesterday in a House subcommittee that wants a year to study four smaller, pilot projects included in the welfare-to-work program.

The development raised the possibility of a House-Senate impasse as the legislature rushes toward adjournment next week. The Senate approved the whole package earlier yesterday.

Rep. Mary Ann Hickels, D-Murfreesboro, said she and other lawmakers have not had

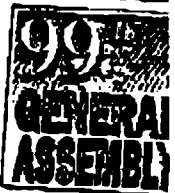
the time to learn how the pilot projects would work, but said she doesn't want to hold up the entire Families First plan.

Leonard Bradley, Sundquist's senior policy adviser, said the administration is "not willing to have pilot or demonstration program authority deleted from the bill or amended in such a way that there is deferred implementation."

Eckels said she might drop her opposition if the lawmakers can get adequate information about the pilot programs before adjournment, scheduled for Thursday.

"I know the train is rolling and I understand that. I'm going to have some trick

- Governor's pilot programs, on 2A.
- Lawmakers look at resolutions on state's noted women, lottery vote, on 4B.



marks on my back. The bill ain't ready to jobs. Under the plan, most of those recipients would receive AFDC benefits for a maximum of 18 months.

The most controversial pilot surfaced over the weekend. Called a "cash-out" proposal and planned for four Upper East Tennessee counties, it would stop AFDC payments and food-stamp payments immediately and turn the money over to private employers to train welfare recipients. It would not guarantee them jobs after the six-month program.

Asked if that approach is corporate welfare, Bradley said there is nothing new about using public money to foster economic development. ■

*The Tennessee**4-15-96*

Alternate welfare plan proposed

Four-county project cuts aid, offers jobs

By BONNA M. de la CRUZ
Staff Writer

Four northeast Tennessee counties will be the testing grounds for a new alternative welfare reform program that immediately takes away welfare benefits but guarantees jobs.

The pilot program is different from the one recently created by Gov. Ray Sundquist. News of the alternative program, and the possibility that it might expand, startled some state lawmakers.

Legislators have been debating the governor's principal reform plan, called Families First, for the last three months — unaware that another program would be launched, too.

The "cash-out" alternative welfare program was announced on Thursday at the legislative Select Committee on Children and Youth, a surprise to many, including Rep. Lois DeBerry, D-Memphis, who is House speaker pro tempore.

"It was kind of strange," said

DeBerry. "The state had never liked about it before. They were probably afraid of how people would react to it."

The alternative reform program will expand to other counties and perhaps even replace Families First if it proves to be remarkably more successful, said Leonard Bradley, the governor's policy adviser and one of the chief designers of Families First.

Under the alternative program, welfare mothers in Greene, Sulli-

van, Unicoi and Washington counties will lose their welfare and food stamp monies.

The money will be given to private employers in those areas to create full-time, subsidized jobs, including training, for welfare recipients. The subsidy will be for six months. There is no guarantee that the recipient would be able to continue in the job.

"The hope is that the employers will continue that person in the job and pay wages themselves after that," Bradley said. "If it doesn't work out ... then we'll place her in another job for six months."

He said the same program was implemented with good results in Oregon, and it is one that President Clinton advocates.

DeBerry has reservations: "It looks like they're turning 'people welfare' into 'corporate welfare.'"

She fears the program's unintended result: helping employment agencies make money, and not helping welfare families become self-sufficient.

DeBerry might try to get the program defeated in legislative committee meetings this week. "There

is no guarantee that after six months of training, the employer will give her that job. Then it doesn't accomplish anything," she said.

The four-county experiment, which would affect 1,200 welfare cases, would be implemented Sept. 1, the same time the rest of the state's 93,000 welfare families would start Families First.

Families First places an 18-month limit on welfare benefits. During that time frame, education, job training and job searches will be available.

As for the alternative program, Bradley said, "this 'cash out' is a faster way to get people into jobs. It's a more intensive job-placement program with less emphasis on completing an education and job training."

Welfare mothers who wish to get their GED or job training in the cash-out program could do so with the help of state funds. But they still must work 40 hours a week.

Both welfare reform programs need approval from the General Assembly. Only Families First will need federal approval, which has already been assured. ■

Cont'd from previous page

that cuts are too severe.

Senator Thomas W. Libous, a Republican who heads the mental health committee, called the Aug. 1 deadline for implementation "devastating if not impossible" to meet. He also criticized the spending plan's abandonment of the two-year-old Community Mental Health Reinvestment Act even as the state Office of Mental Health intends to discharge more patients from state hospitals next year than it had previously.

The community reinvestment law, passed unanimously by the State Legislature in late 1983 when Mr. Palaki was a State Senator, transferred \$180 million in savings over five years from downsizing the costly, outmoded state mental hospitals to community-based programs. It also committed \$30 million specifically to the homeless mentally ill.

"My concern is that a commitment was made and some structure of reinvestment should be back in place," Senator Libous said. "I don't want to see all of these patients discharged with no programs to go to."

Senator Libous recently recommended a modest plan to restore \$6 million in reinvestment funding, and challenged the Assembly to find another \$6 million.

The debate over mental health spending comes at a time of growing concern about the supervision and care of people with severe mental problems. Last month, a 15-year-old boy with a history of psychiatric trouble pushed a Brooklyn woman to her death from a moving subway train.

Advocates say such cases illustrate why the state should proceed cautiously in its efforts at reform.

"People who are having psychiatric crises and who are not getting services are likely to commit suicide," said Steven Greenfield, executive director of the Association for Community Living, an Albany-based nonprofit organization representing 130 providers of residential care. "And although the mentally ill are not any more violent than the rest of the population, when they are not in treatment New York has seen a few episodes of what can occur."

But the Palaki administration seems to believe it is time to put a brake on mental health care spending, which it says has spiraled out of control, to about \$4 billion a year, including Federal, state and local aid, Medicaid and Medicare funding.

The State Mental Health Commissioner, James L. Stone, said the spending cuts would be offset by the ability of counties to stretch their dollars by choosing cheaper and more effective programs, like those providing job and social opportunities but no actual medical care.

The state is now unable to get reimbursement under Medicaid for those programs, often called "clubhouses" or "social clubs." As a result, Mr. Stone said, more costly programs, like treatment in outpatient clinics, were favored, in order to get the Federal government to share the cost of services. The block grants would mingle Medicaid and non-Medicaid money, allowing counties to pursue the most sensible programs without worrying about reimbursements.

"I don't think care will suffer, but I think people will receive a different kind of service than they are used to receiving," Mr. Stone said. "The

best statistic is that the no-show rate at day treatment programs is 40 to 60 percent. If people feel that they are benefiting from a service, they show up. The no-show rate in social clubs is almost nonexistent."

Private mental health agencies, however, say that some people need the level of care offered by outpatient clinics, from group therapy to the monitoring of medication. "Just because one kind of service is apparently the cheapest doesn't mean that's the only one we should have," said Mary Meacham, the head of the Lake Shore Community Mental Health Center in Buffalo, N.Y.

Local officials predict that many outpatient clinics will close as a result of the budget. Psychiatric treatment in community general hospitals, which counties would pay for with block grant money, would also be scaled back sharply, they say.

Besides the hospitals scheduled to close under the reinvestment bill,

Spiraling economic costs clash with spiraling social concerns.

the state intends to shut down Kingsboro Psychiatric Center in Brooklyn, largely to save on \$135 million in capital improvements.

Still more cuts not reflected in the budget could result from the plan's provision that counties need not match state and Federal dollars for mental health spending, and from reductions in welfare funding that would affect many who are mentally ill.

Some advocates and county officials are questioning whether block grants would end the entitlement to mental health care, since there would be a finite amount of money, and if it ran out, counties could, in theory, stop paying for treatment.

But Commissioner Stone said counties would have to submit a mental health plan to the state each year. "I intend to give the plans a lot of scrutiny," he said. "If we allowed counties to pull out all of their dollars and people were ending up in the state hospitals as a consequence, that wouldn't be to our advantage."

While some local officials welcome the idea of getting out from under decades of micromanagement by the state, they are worried about the pressures of time and money. "This kind of transition should be planned over several years," said Dan H. Still, acting mental health commissioner in New York City, "and there is no way we'll be able to sustain all our programs. The cut is just too big."

L.A. Times; 3-6-96

Wilson Seeks to Make Welfare Cuts Permanent

By MAX VANZI
TIMES STAFF WRITER

SACRAMENTO—A few years ago, the Legislature passed and Gov. Pete Wilson signed into law a wide range of temporary cuts in benefits to the poor, elderly and disabled that were intended to help a cash-strapped state government ride out California's severe recession.

Now, with the state's economy on the upswing, the previous level of those benefits and the cost-of-living increases that went with them are scheduled to be reinstated automatically.

But Wilson and his allies in the Legislature maintain that that's the problem with such programs these days—they are on "autopilot," rising whether they need to or not.

Recession-inspired benefit reductions, they maintain, should remain in force. Toward that end, the administration and Assembly Republicans are aggressively pursuing legislation to make the rates permanent, touching off one of the most

Cont'd on next page

THE GREEN SHEET

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- Ohio wants us to do amicus
spousal impov regs; aggressive, but permissible;
hcfa no; settlmt?

- LA Conf call 3/15:
22nd done? week from today
comfort letter before then?

- Michigan new welfare plan "Project Zero": too liberal, may
not require waivers; after 12 mos, run a ma buy-in; treat
premium as state match, bad; but now worked out deal w/real
state share; Engler wants to announce Thursday; would we
give verbal assurance? tell friends

cj: is this it?

- opposed to t&c floating around; also EK to hum svcs knocked
things off box

adding prologue to beginning re special;

Farkas has;

- Thorne proposed to raise line again on MA; budget shortfall;

- MA buy-in on Project Zero; will talk to BR; call him
Any surrogates? press release announcing to take credit?

- Texas welfare waiver attack today while VP; unconfirmed;
will send VP talking pts; may do letter to help

→ VP re Bullock

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

12-Mar-1996 10:14am

TO: Diana M. Fortuna

FROM: Bruce N. Reed
 Domestic Policy Council

SUBJECT: RE: Response to Gov. Whitman

My guess is that very little of it will qualify for HHS's definition of the 30-day process. Her plan includes 5-year lifetime limits, for example, which are in our own bill but which HHS will not approve, even on a waiver basis. I just think it's better for HHS to make excuses than the President. The truth is, HHS could approve any of these waivers within 30 days, except where there's a statutory bar to doing so.