Toby: — 6.8m
~~the fax~~ 48%
Fax Iowa

Missing nos
Clinton
% time limits - ckg.

Tony
Pataki asked HF
to help

HF or hosp:
Sign letter

need enabling
believe:
Silver + Admin?
6/8 budget

Rangel

Carn + Voin
DGA, reelection
→ a has done

(Pres → Dean
not nec w)
Why Thompson?
Film before highlighting
what done Kids
Voinov +
Kitzh

THE WHITE HOUSE

WASHINGTON

June 13, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Carol Rasco

SUBJECT: Waivers and Welfare Reform

You asked for a summary of our record in granting waivers to states for welfare reform demonstrations in our pursuit of our goal of ending welfare as we know it.

Overview:

We have approved 32 welfare waivers in 29 states, more than the two previous Administrations combined. (Twenty-one states have waivers from prior Administrations.) The attached map illustrates that these waivers are broadly distributed throughout the nation. In an average month, these demonstrations cover 48% of AFDC recipients, or 6.8 million people.

If HHS decides to grant all of the waivers now pending, the number of states with approved waivers would grow from 29 to 37, and the number of waivers would grow from 32 to 51. (A state may have more than one waiver because many waivers are implemented only in portions of the state, and because a state may request waivers of different parts of the law at different times.)

The Administration's policy of encouraging state welfare reform demonstrations has allowed us to make significant strides toward a new welfare system. The state demonstrations have the same themes of work, responsibility, opportunity, and family as our welfare reform proposal. In some ways, welfare is no longer the same program it was for almost half of all recipients -- and that proportion is growing. The welfare system that these recipients encounter includes or will soon include some combination of time limits, education and training, work incentives, stronger child support enforcement, and/or asking parents to take more responsibility for their children.

Important Considerations:

First, and most important, you should be aware that the 29 states with waivers includes states that are implementing any element of welfare reform. Fewer than half of the 29 states with waivers have undertaken what we would consider comprehensive reform. For example, only 16 of the 29 states have waivers that will place time limits on cash assistance. Only 14 states have waivers that combine increased education and training with time limits. Only seven states have combined the reforms above with increased child support enforcement, removing disincentives to work, and promoting parental responsibility. As a result, arguing that 48% of AFDC recipients will be participating in waivers and, therefore, real welfare reform could be criticized as an overstatement.

Second, one key element of welfare reform -- strengthening child support enforcement -- requires a national policy. This is because efforts to track down non-custodial parents so often must cross state lines, and because the most important changes don't involve the welfare system. We need the child support enforcement provisions in the current welfare reform bills in order to make substantial progress in this area.

Third, waivers depend on Governors to implement them. In New York, for example, we granted a waiver to the prior Governor that will presumably never be implemented. Instead, the new Governor is expected to submit his own waiver request. Also, by the time they actually get their waivers, most Governors are so fed up with the red tape that they rarely give the Administration much credit.

Fourth, measuring the outcome of our waiver policy is difficult. Ideally we would measure the success of our policy by looking at the number of people moved from welfare to work as a result of waivers. However, because of the nature of these experiments, we will not be able to do this for another couple of years. Many states that have been granted waivers have not yet implemented them; and, for those that have, key elements such as time limits and family caps do not usually kick in for two years and ten months respectively.

We have some early and positive results in Iowa (which is the only state so far where AFDC recipients have reached time limits and been removed from the rolls). As you know, Florida has been able to demonstrate some limited success in moving people to work through education and training. But it will be difficult to make a comprehensive evaluation of the effect of our waiver policy this year or next year. (Of course, the House and Senate welfare reform plans are not scheduled to be implemented before October of this year at the earliest.)

Finally, waivers are by nature <u>experiments</u> in how to end welfare rather than an end to welfare themselves. A few of the more recent waiver requests push the envelope, and some demonstrations are state-wide. However, the vast majority of waivers are pilot projects that may produce interesting lessons with the potential for broader application, but will do little to change expectations or opportunities for the bulk of the current caseload.

Specific Waiver Accomplishments:

To measure our success we must rely for now on measuring the actions states are taking in an effort to move people from welfare to work. Those actions are grouped below under five central principles of welfare reform, principles that we have long articulated and that were included in our bill.

Welfare to Work: We have made it clear that work must be the centerpiece of any true welfare reform plan. Twenty states are using waivers to help move people from welfare to work. To accomplish this, the states are:

- requiring more people to participate in education and training programs;
- increasing sanctions for those who do not comply with these requirements;
- expanding case management services; and
- subsidizing private sector jobs for welfare recipients.

Time Limited Benefits: Sixteen states are using waivers in an effort to transform welfare from a way of life to a transitional support system. They are doing so by placing a time limit on benefits, or by requiring welfare recipients to participate in work or training after a certain period of time in order to continue to receive benefits. As in the Administration's Work and Responsibility Act, many states require recipients to develop plans with specific goals and deadlines, and enforce these plans with sanctions that reduce or deny benefits. Time limits range up to five years, but are flexible for participants who make good-faith efforts to find work. However, since many states implement waivers in only a few counties, the number of AFDC recipients affected by time limits may be fairly small. We are following up to get this number.

Child Support Enforcement: Establishing paternity and enforcing child support are critical to our efforts to move people toward self-sufficiency. Fourteen states are strengthening child support enforcement by allowing families to keep more in support payments, or enrolling the non-custodial parent in job training programs.

A more comprehensive approach to child support enforcement, however, requires federal action. This Administration has proposed sweeping nation-wide changes in paternity establishment, license revocation, and interstate collection. The House and Senate have adopted our approach on this issue in their welfare reform bills.

Making Work Pay: Twenty-five states are removing the disincentives to work in our current welfare system by:

- o increasing the amount that recipients can earn or save without losing benefits (this reform has been enacted by more states than any other);
- o relaxing the limit of $1,500 on the value of a family's car;
- o extending child care and/or Medicaid coverage to families after they leave the welfare rolls, in order to give families critical support as they make the transition from welfare to work;
- o offering a one-time payment, child care, or medical assistance in lieu of AFDC for those with a temporary need for assistance, in order to prevent applicants from joining the AFDC rolls;
- o allowing married parents who work more than 100 hours a month to keep receiving benefits; and
- o combining AFDC benefits with the cash equivalent of a family's Food Stamps allotment to give families flexibility and responsibility in managing their income.

Parental Responsibility: Twenty-two states are encouraging greater responsibility among AFDC recipients by:

- o paying bonuses or imposing penalties on families based on children's school attendance record;
- o paying bonuses or imposing penalties to encourage teen parents to stay in school, maintain adequate grades, and graduate from high school;
- o allowing families to put money aside for children's education in special accounts;
- o requiring AFDC households to have their children properly immunized and receive regular health check-ups;
- o requiring teen parents to live in supervised settings or go to school, and offering them counseling; and
- o denying additional benefits to families when a parent has another child while on AFDC (family cap).

<u>Conclusion:</u>

Our policy on welfare reform waivers has accomplished much to date. I am prepared to discuss this with you further.

STATUS OF WELFARE WAIVERS

Approved: 32 applications from 29 states

- Arizona
- Arkansas
- California (2)
- Colorado
- Connecticut
- Delaware
- Florida
- Georgia
- Hawaii
- Illinois
- Indiana
- Iowa
- Michigan
- Mississippi
- Missouri
- Montana
- Nebraska
- New York
- North Dakota
- Ohio
- Oklahoma (2)
- Oregon
- Pennsylvania
- South Carolina
- South Dakota
- Vermont
- Virginia
- Wisconsin (2)
- Wyoming

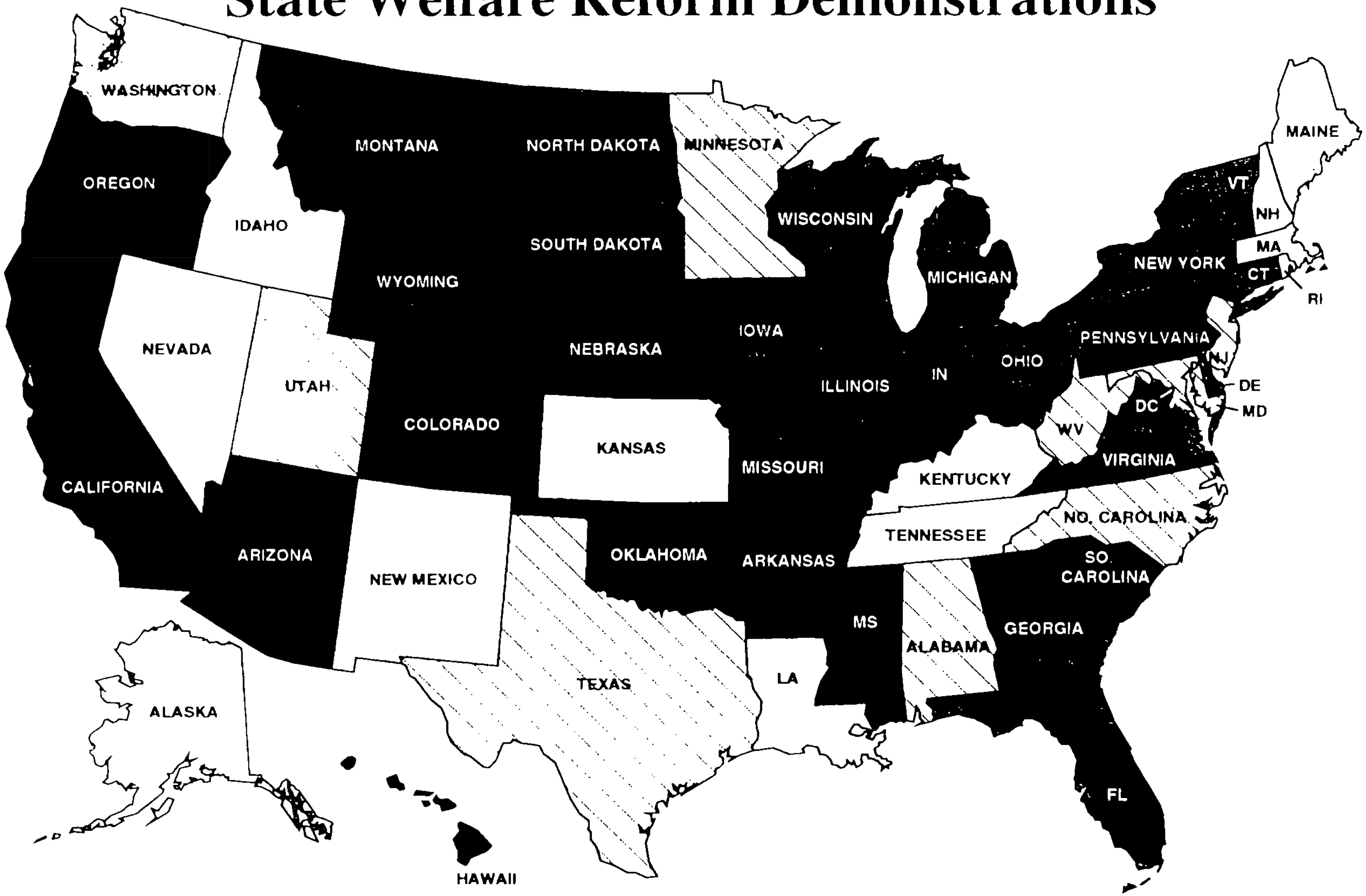
Under Review: 20 applications from 16 states
(includes date of request and 120-day point)

	Requested	120 Days
California (4 waivers)	8/94 - 12/94	12/94 - 4/95
Georgia	7/94	11/94
Hawaii	5/95	9/95
Kansas	7/94	11/94
Maine	8/94	12/94
Maryland	3/94	7/94
Massachusetts	4/95	8/95
Mississippi	2/95	6/95
North Dakota	9/94	1/95
Oregon	11/93	3/94
Texas	4/95	8/95
Utah	5/95	9/95
Virginia	12/94	4/95
Washington	2/95	6/95
West Virginia	4/95	8/95
Wisconsin (2 waivers)	4/95	8/95

Anticipated: 31 applications from 26 states

- Alaska
- Arkansas
- California
- Connecticut
- D.C.
- Florida
- Illinois (3)
- Kentucky
- Maine
- Maryland
- Massachusetts (2)
- Minnesota
- Nevada
- New Hampshire
- New Jersey
- New York
- North Carolina
- Oklahoma
- Oregon
- Pennsylvania (2)
- Rhode Island
- South Carolina (2)
- Texas
- Washington
- West Virginia
- Wyoming

State Welfare Reform Demonstrations



Clinton Administration — **Previous Administrations**

As of May 25, 1995

★ Demonstration Also Approved in Previous Administrations

Carol/Jeremy:

Bruce Reed gave me his changes on the welfare waiver memo. Here they are for your review.

Diana

DRAFT

June 7, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Carol Rasco

SUBJECT: Waivers and Welfare Reform

Diana -
This looks good. We have to be careful not to lead him to believe he can make too much of these. Rahm & I have been trying to persuade the press for the past year that waivers are the next best thing to ending welfare, but it's almost impossible. Most people have no idea what waivers are, and tend to give states (not us) the credit when they do.

Thanks
-BR

You asked for a summary of our record in granting waivers to states for welfare reform demonstrations in our pursuit of our goal of ending welfare as we know it.

Overview:

We have approved 32 welfare waivers in 29 states, more than the two previous Administrations combined. (Twenty-one states have waivers from prior Administrations.) The attached map illustrates that these waivers are broadly distributed throughout the nation. In an average month, these demonstrations cover 48% of AFDC recipients, or 6.8 million people.

If HHS decides to grant all of the waivers now pending, the number of states with approved waivers would grow from 29 to 37, and the number of waivers would grow from 32 to 51. (A state may have more than one waiver because many waivers are implemented only in portions of the state, and because a state may request waivers of different parts of the law at different times.)

~~This policy has enabled us to make substantial progress toward our goal of ending welfare as we know it.~~ The Administration's policy of encouraging state welfare reform demonstrations has allowed us to make significant strides toward a new welfare system. ~~Further,~~ the state demonstrations have the same themes of work, responsibility, opportunity, and family as our welfare reform proposal. in some ways, Welfare is no longer the same program it was for almost half of all recipients -- and that proportion is growing. The welfare system that these recipients encounter includes or will soon include some combination of time limits, education and training, work incentives, stronger child support enforcement, and asking parents to take more responsibility for their children. and/or

Important Considerations:

First, and most important, you should be aware that the 29 states with waivers includes states that are implementing any element of welfare reform. Fewer than half of the 29 states with waivers have undertaken what we would consider comprehensive reform. For example, only 16 of the 29 states have waivers that will place

DRAFT

time limits on cash assistance. Only 14 states have waivers that combine increased education and training with time limits. Only seven states have combined the reforms above with increased child support enforcement, removing disincentives to work, and promoting parental responsibility. As a result, arguing that 48% of AFDC recipients will be participating in waivers and, therefore, real welfare reform could be criticized as an overstatement. and because the most important changes don't involve the welfare system.

Second, one key element of welfare reform -- strengthening child support enforcement -- requires a national policy. This is because efforts to track down non-custodial parents so often must cross state lines. ~~However, since our child support enforcement proposals have been adopted by both the House and the Senate Finance Committee in their welfare reform bills, we are likely to be successful in this area.~~ We need the child support enforcement provisions in the current welfare reform bills in order to ~~make~~ claim substantial progress in this area.

Third, waivers depend on Governors to implement them. In New York, for example, we granted a waiver to the prior Governor that will presumably never be implemented. Instead, the new Governor is expected to submit his own waiver request. By the time they actually get their waivers, most Governors are so fed up with the red tape that they rarely give the Admin. much credit.

Fourth, ~~Finally~~, measuring the outcome of our waiver policy is difficult. Ideally we would measure the success of our policy by looking at the number of people moved from welfare to work as a result of waivers. However, because of the nature of these experiments, we will not be able to do this for another couple of years. Many states that have been granted waivers have not yet implemented them; and, for those that have, key elements such as time limits and family caps do not usually kick in for two years and ten months respectively.

We have some early and positive results in Iowa (which is the only state so far where AFDC recipients have reached time limits and been removed from the rolls). As you know, Florida has been able to demonstrate some limited success in moving people to work through education and training. But it will be difficult to make a comprehensive evaluation of the effect of our waiver policy this year or next year.

(Of course, the House and Senate welfare reform plans are not scheduled to be implemented before October of this year at the earliest.) ~~Therefore, regardless of what happens on the Hill, we will not have much in the way of results this year or next year.~~

Specific Waiver Accomplishments:

To measure our success we must rely for now on measuring the actions states are taking in an effort to move people from welfare to work. Those actions are grouped below under five central principles of welfare reform, principles that we have long articulated and that were included in our bill.

Finally, ~~because~~ ~~the scope of~~ waivers ~~[illegible]~~ are by nature experiments in how to end welfare rather than an end to welfare themselves. A few of the more recent waiver requests push the envelope, and some ~~states have~~ demonstrations are statewide. ~~But~~ However, the vast majority of waivers are pilot projects that ~~will~~ may produce interesting lessons [illegible] opportunities for

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Welfare to Work: We have made it clear that work must be the centerpiece of any true welfare reform plan. Twenty states are using waivers to help move people from welfare to work. To accomplish this, the states are:

- o requiring more people to participate in education and training programs;
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- o expanding case management services; and
- o subsidizing private sector jobs for welfare recipients.

Time Limited Benefits: Sixteen states are using waivers in an effort to transform welfare from a way of life to a transitional support system. They are doing so by placing a time limit on benefits, or by requiring welfare recipients to participate in work or training after a certain period of time in order to continue to receive benefits. As in the Administration's Work and Responsibility Act, many states require recipients to develop plans with specific goals and deadlines, and enforce these plans with sanctions that reduce or deny benefits. Time limits range up to five years, but are flexible for participants who make good-faith efforts to find work. However, since many states implement waivers in only a few counties, the number of AFDC recipients affected by time limits may be fairly small. We are following up to get this number.

Child Support Enforcement: Establishing paternity and enforcing child support are critical to our efforts to move people toward self-sufficiency. Fourteen states are strengthening child support enforcement by allowing families to keep more in support payments, or enrolling the non-custodial parent in job training programs.

A more comprehensive approach to child support enforcement, however, requires federal action. This Administration has proposed ~~the establishment of hospital-based paternity programs and a substantial increase in Federal spending on child support collections.~~ sweeping nationwide changes on paternity establishment, license revocation, and interstate collection. The House and Senate have adopted our approach on this issue in their welfare reform bills.

Making Work Pay: Twenty-five states are removing the disincentives to work in our current welfare system by:

- o increasing the amount that recipients can earn or save without losing benefits (this reform has been enacted by more states than any other);
- o relaxing the limit of $1,500 on the value of a family's car;

DRAFT

- o extending child care and/or Medicaid coverage to families after they leave the welfare rolls, in order to give families critical support as they make the transition from welfare to work;

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- o denying additional benefits to families when a parent has another child while on AFDC (family cap).

Conclusion:

Our policy on welfare reform waivers has accomplished much to date. I am prepared to discuss this with you further.

DRAFT

June 12, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Carol Rasco

SUBJECT: Waivers and Welfare Reform

You asked for a summary of our record in granting waivers to states for welfare reform demonstrations in our pursuit of our goal of ending welfare as we know it.

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<u>Conclusion:</u>

Our policy on welfare reform waivers has accomplished much to date. I am prepared to discuss this with you further.

STATUS OF WELFARE WAIVERS

Approved: 32 applications from 29 states

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- Arkansas
- California (2)
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- Connecticut
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- Nebraska
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- North Dakota
- Ohio
- Oklahoma (2)
- Oregon
- Pennsylvania
- South Carolina
- South Dakota
- Vermont
- Virginia
- Wisconsin (2)
- Wyoming

Under Review: 20 applications from 16 states
(includes date of request and 120-day point)

	Requested	120 Days
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o Kansas	7/94	11/94
o Maine	8/94	12/94
o Maryland	3/94	7/94
o Massachusetts	4/95	8/95
o Mississippi	2/95	6/95
o North Dakota	9/94	1/95
o Oregon	11/93	3/94
o Texas	4/95	8/95
o Utah	5/95	9/95
o Virginia	12/94	4/95
o Washington	2/95	6/95
o West Virginia	4/95	8/95
o Wisconsin (2 waivers)	4/95	8/95

Anticipated: 31 applications from 26 states

- Alaska
- Arkansas
- California
- Connecticut
- D.C.
- Florida
- Illinois (3)
- Kentucky
- Maine
- Maryland
- Massachusetts (2)
- Minnesota
- Nevada
- New Hampshire
- New Jersey
- New York
- North Carolina
- Oklahoma
- Oregon
- Pennsylvania (2)
- Rhode Island
- South Carolina (2)
- Texas
- Washington
- West Virginia
- Wyoming

DEPARTMENT OF HEALTH

FACSIMILE TRANSMISSION COVER SHEET

Administration for Children and Families
Office of Public Affairs
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

Fax (202) 205-9688

Date 6/8

To : Diana Fortuna
Phone 456-5570
Fax 456-7028

From: Toby Graff
Phone: 401-9258
Cover + 1 **pages**

Message:
Attached is the new chart with the updated statistic.

More Than Half the Nation Enacting Welfare Reform Under the Clinton Administration

The Clinton Administration has approved 32 demonstrations in 29 states, launching welfare reform for thousands of families in more than half of the states, more than the two previous Administrations combined. In an average month, the welfare demonstrations cover 6.8 million people, representing 48 percent of all recipients. All of the waivers which we have granted build on many of the central principles of President Clinton's vision for welfare reform, including:

PRINCIPLE	DESCRIPTION	STATES APPROVED
Work	*Twenty states* are helping people move from welfare to work, from receiving welfare checks to earning paychecks, by increasing education and training opportunities and creating public/private sector partnerships.	*20* - Arizona, Connecticut, Delaware, Florida, Georgia, Hawaii, Indiana, Michigan, Mississippi, Missouri, Montana, Nebraska, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Vermont, Wisconsin, Wyoming
Time Limited Cash Assistance	*Sixteen states* are making welfare a transitional support system, rather than a way of life, by providing opportunity, but demanding responsibility in return.	*16* - Arizona, Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Michigan, Missouri, Montana, Nebraska, Oklahoma, South Carolina, South Dakota, Vermont, Wisconsin
Child Support Enforcement	*Fourteen states* are strengthening child support enforcement and sending a clear message that both parents must be responsible for their children.	*14* - Arizona, Connecticut, Delaware, Indiana, Michigan, Mississippi, Missouri, Montana, New York, Ohio, Oregon, Vermont, Virginia, Wisconsin
Making Work Pay	*Twenty-Five states* are providing incentives and encouraging families to work not stay on welfare, so they can achieve and maintain economic self-sufficiency.	*25* - Arizona, California, Colorado, Connecticut, Delaware, Florida, Illinois, Indiana, Iowa, Michigan, Mississippi, Missouri, Montana, Nebraska, New York, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Vermont, Virginia, Wisconsin, Wyoming
Parental Responsibility	*Twenty-Two states* are promoting parental responsibility by encouraging education, or limiting benefits for families who have another child while on AFDC.	*22* - Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Mississippi, Missouri, Nebraska, New York, Ohio, Oklahoma, Pennsylvania, South Carolina, Vermont, Virginia, Wisconsin, Wyoming

DEPARTMENT OF HEALTH

FACSIMILE TRANSMISSION COVER SHEET

Administration for Children and Families
Office of Public Affairs
370 L'Enfant Promenade, S.W.
Washington, D.C. 20447

Fax (202) 205-9688

Date 5/30

To: Diana Fortuna
Phone 456-5570
Fax 456-7028

From: Toby Graff
Phone: 401-9258
Cover + 1 pages

Message:
Here is a somewhat updated chart. However, I am still waiting for a new figure to replace the "6.3 million people and 43% of all recipients", which takes into account the recently approved DE + AZ waivers. In case you needed this urgently I just wrote, "over 6.3 ... over 43%", but as soon as I have actual new numbers, I will send over a more accurate version.

Hope this is helpful. Please let me know if you have any questions or problems.

Thanks,
Toby

More Than Half the Nation Enacting Welfare Reform Under the Clinton Administration

6.8 48

The Clinton Administration has approved 32 demonstrations in 29 states, launching welfare reform for thousands of families in more than half of the states, more than the two previous Administrations combined. In an average month, the welfare demonstrations cover over [illegible] million people, representing over [illegible] percent of all recipients. All of the waivers which we have granted build on many of the central principles of President Clinton's vision for welfare reform, including:

PRINCIPLE	DESCRIPTION	STATES APPROVED
Work	*Twenty states* are helping people move from welfare to work, from receiving welfare checks to earning paychecks, by increasing education and training opportunities and creating public/private sector partnerships.	*20* - Arizona, Connecticut, Delaware, Florida, Georgia, Hawaii, Indiana, Michigan, Mississippi, Missouri, Montana, Nebraska, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Vermont, Wisconsin, Wyoming
Time Limited Cash Assistance	*Sixteen states* are making welfare a transitional support system, rather than a way of life, by providing opportunity, but demanding responsibility in return.	*16* - Arizona, Colorado, Connecticut, Delaware, Florida, Indiana, Iowa, Michigan, Missouri, Montana, Nebraska, Oklahoma, South Carolina, South Dakota, Vermont, Wisconsin
Child Support Enforcement	*Fourteen states* are strengthening child support enforcement and sending a clear message that both parents must be responsible for their children.	*14* - Arizona, Connecticut, Delaware, Indiana, Michigan, Mississippi, Missouri, Montana, New York, Ohio, Oregon, Vermont, Virginia, Wisconsin
Making Work Pay	*Twenty-Five states* are providing incentives and encouraging families to work not stay on welfare, so they can achieve and maintain economic self-sufficiency.	*25* - Arizona, California, Colorado, Connecticut, Delaware, Florida, Illinois, Indiana, Iowa, Michigan, Mississippi, Missouri, Montana, Nebraska, New York, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, South Dakota, Vermont, Virginia, Wisconsin, Wyoming
Parental Responsibility	*Twenty-Two states* are promoting parental responsibility by encouraging education, or limiting benefits for families who have another child while on AFDC.	*22* - Arizona, Arkansas, California, Colorado, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Mississippi, Missouri, Nebraska, New York, Ohio, Oklahoma, Pennsylvania, South Carolina, Vermont, Virginia, Wisconsin, Wyoming

D Carnahan mo
R Voinovich Oh
R Carlson
? Duncan Weiss for kitzhaber — approved under BRoberts
D Glendening
D Dean
R TThompson — ?

Levitt — Utah R

Utah

Roseo — PR

Voin
we
TT

Romer — Colorado
(NJ - Whitman)

Col.

Will writeup

have submtd audit - pretty diff - may

	A	P
New Maryland	0	1 3/94 check
Minn	0	0
① Missouri	1	0
② Ohio	1	0
New Oregon (but BR)	1	(11/93) 1
③ Vermont	1	0
④ Wisconsin	2	2 (4/95+ 4/95)

Lawton
6-2896

Note to Diana Fortuna:

Attached are some talking points on three of the states represented at the NGA Summit on Children, tomorrow.

I think Vermont and Ohio's demonstration projects would be good to highlight, as they emphasize prevention and parental responsibility, e.g. staying school, minor mothers living at home. They also represent the Administration's long time commitment to state flexibility -- Vermont was the first waiver granted and Ohio was the 25th state to receive a waiver. Since Governor Dean is the current head of the NGA and the host of this Summit, it may be nice to talk about his program. However, Missouri's waiver is a little tougher in its time limit and it also has the personal employability plan provision (like in the Work and Responsibility Act) that we often like to promote. I think for each of these states you could make the case that they are focused on work and responsibility, without punishing children.

I hope this material is helpful. Please let me know if you have any questions or need additional information.

Toby

Note: Governors Glendening and Carlson do not have waivers that were granted by the Clinton Administration. Oregon does have a good waiver, focused on private sector employment, but it is very small and was granted before Governor Kitzhaber was in office. Wisconsin has a couple of waivers, but personally I think Thompson has gotten enough attention already!

Talking Points
Vermont Waiver - Family Independence Project (FIP)

On April 12, 1993, Vermont became the FIRST state to receive approval from the Clinton Administration to test innovative welfare reform strategies. Early in his presidency, President Clinton made clear to the nation's governors his commitment to encourage state creativity and flexibility in the administration of public assistance programs. The Vermont welfare reform demonstration is further evidence of the Clinton Administration's support for allowing states to be, as they were intended, the laboratories of democracy.

Vermont's welfare demonstration project reflects President Clinton's principles for welfare reform: work and parental responsibility, without punishing children. Vermont's Family Independence Project (FIP) leads people toward the freedom of work rather than the confines of dependence, by strengthening families, providing opportunity, and demanding responsibility in return.

The Vermont program embodies President Clinton's ideal that welfare should be a transitional support system, rather than a way of life, by providing opportunity, but demanding responsibility in return. Under Vermont's Family Independence Program, parents on AFDC who have not found employment after 30 months are required to participate in subsidized community service jobs. Vermont has also expanded the JOBS program by requiring parents with younger children to participate.

Vermont is making work pay. Vermont's waiver permits the state to increase automobile asset limits and earnings disregards under AFDC, making work more attractive than welfare. In order to help ensure that people will be able to get off and stay off of welfare, Vermont has extended transitional Medicaid coverage for working families after they leave the welfare rolls. The state also will eliminate the 100 hour rule for recipients in the AFDC Unemployed Parents (AFDC-UP) program, removing a disincentive to work and promoting two parent families.

Like the Clinton Administration, Vermont recognizes that child support is critical to helping recipients move from dependency to self-sufficiency. Vermont is distributing child support payments directly to AFDC recipients, in order increase their real income and be able to support their families.

Vermont's demonstration project includes important prevention and parental responsibility components. The Administration and the American people agree that the best reform of welfare would be to ensure that people do not need it in the first place. That is why Vermont is going to expand its efforts to end long-term welfare dependency by focusing on young parents. Under Vermont's approved waiver pregnant and parenting minors are required to attend school or participate in an appropriate education or training activity. Minor mothers are required to live with their parents or in an approved supervised living arrangement.

STATE POLICY

Vermont is currently restructuring its welfare system. In order to determine what initiatives are successful, the state is conducting a statewide project. Welfare recipients are divided into three groups. The first groups consists of 20% of the welfare caseload who are subject to the rules of the pre-waiver system. The second group includes 20% of the caseload who are receiving enhanced benefits and additional transitional support. The majority of the caseload, 60%, make up the third group or experimental group. The recipients in the third group receive the enhanced benefits and additional support services, and in addition their welfare benefits are time limited. After 30 months, if a recipient of the third group has not found a private sector job, they are required to take subsidized employment.

Vermont's JOBS program is called Reach-Up. The program is innovative in its case management of recipients and also in its information management system. The state works in partnerships with various community based programs and state postsecondary education institutions to provide the best case management for the welfare recipients. For example, minor parents are sent initially to Parent-Child Centers, where their needs are assessed and they are then referred to appropriate job and child rearing training programs. In order to promote recipients to pursue their education, the state has agreements with all of the state colleges to have case management on campus. Since these case managers may not be in one office or even city, the state has instituted a information management system called ACCESS. ACCESS allows case managers and welfare workers to go on-line to track welfare recipients' case histories and update their records.

Talking Points
Ohio Waiver - "A State of Opportunity"
March, 1995

"Ohio has an exciting plan to change welfare from a hand out to a hand up. In partnership with local businesses, Ohio will create jobs that will raise working welfare families out of poverty to economic independence."
Secretary Shalala

On March 7, 1995, Ohio becomes the 25th state to receive approval from the Clinton Administration to test innovative welfare reform strategies, surpassing the amount of welfare waivers granted by all previous administrations. Continuing it's commitment to state flexibility and real welfare reform, the Clinton Administration supports Ohio's efforts to move families from dependency to real opportunity.

Ohio's welfare demonstration project reflects President Clinton's principles for welfare reform: work and responsibility. Ohio's "A State of Opportunity" program leads people toward the freedom of work rather than the confines of dependence, by strengthening families, providing opportunity, and demanding responsibility in return.

The Ohio program provides incentives and encourages families to work not stay on welfare, so they can achieve and maintain economic self-sufficiency. Ohio will increase the incentives for welfare recipients to go to work by providing wage subsidies and forging new public/private sector partnerships. Building on President Clinton's community economic development efforts, Ohio will subsidize employment primarily in Administration designated Enterprise Zones.

Ohio is making work pay. Ohio's waiver permits the state to increase automobile asset limits and earnings disregards under AFDC, making work more attractive than welfare. In order to help ensure that families can get off and stay off of welfare, Ohio has received approval to extend child care benefits to families after they leave the welfare rolls. The state also will eliminate the 100 hour rule for recipients in the AFDC Unemployed Parents (AFDC-UP) program, removing a disincentive to work and promoting two parent families.

Unlike the House Ways and Means Committee Republicans, Ohio rightly focuses on increasing child support collections. Like the Clinton Administration, Ohio recognizes that establishing paternity and enforcing child support are critical to helping recipients move from dependency to self-sufficiency. Ohio is the first state to request and receive approval to pay a one-time cash bonus for paternity establishment for children on AFDC. The State will also increase the amount of child support "pass through", which allows families to receive a portion of the child support payment and not be penalized in their normal AFDC benefits.

Ohio's demonstration project includes important prevention and parental responsibility components. The Administration and the American people agree that the best reform of welfare would be to ensure that people do not need it in the first place. That is why Ohio is going to expand its efforts to end long-term welfare dependency by focusing on school attendance and achievement for young parents and their children. Under Ohio's approved waiver dependent children will be required to attend school regularly with financial penalties for failure to comply. This is in addition to the ongoing, Learning, Earning, and Parenting Program (LEAP), which has provided fiscal sanctions and bonuses to pregnant and parenting teens to encourage regular school attendance and completion.

Case Study: Ohio's "State of Opportunity" program

Ohio received approval from the Clinton Administration to implement it's "State of Opportunity" welfare reform program on March 7, 1995. The goal of the new project is to increase the incentives for welfare recipients to go to work. The key elements of the State of Opportunity program include working with the private sector to create wage-supplemented jobs for welfare recipients, expanding eligibility for two parent families, extending transitional child care for those moving from welfare to work, increasing earnings disregards, and encouraging education by requiring school attendance for dependent children. The project builds on Ohio's Learning, Earning and Parenting (LEAP) Program, implemented in 1989, in which teen parents are encouraged to stay in, or return to school. The demonstration will operate for five years.

Talking Points
Missouri Waiver - Missouri Families Mutual Responsibility Plan
April, 1995

"Thank you, Governor Carnahan, for proving once again that the states, just as James Madison and Thomas Jefferson intended, are still the laboratories of democracy, still capable of leading the way to change things that don't work in this country, and to unleash the potential of our citizens."
President Clinton

On April 18, 1995, Missouri becomes the 26th state to be granted a welfare reform waiver from the Clinton Administration, allowing the state to test innovative welfare reform strategies. Continuing our commitment to state flexibility and real welfare reform, the Clinton Administration supports Missouri's efforts to move families from dependency to economic self-sufficiency.

Missouri's welfare demonstration project reflects President Clinton's principles for welfare reform: work and responsibility. Missouri's Families Mutual Responsibility Plan leads people toward the freedom of work rather than the confines of dependence, by making work pay, promoting parental responsibility, and focusing on young people.

Missouri's waiver demonstration embodies President Clinton's ideal that welfare should be a transitional support system, rather than a way of life, by providing opportunity, but demanding responsibility in return. With the approval of this waiver, Missouri becomes the 13th state to test time-limited benefits. Similar to the personal employability plan provision in the Work and Responsibility Act of 1994, welfare recipients in Missouri's demonstration will be required to sign a self-sufficiency contract with a 24 month limit on the receipt of AFDC benefits. When necessary benefits could be extended for an additional 24 month period, but sanctions will be imposed on individuals who do not make a good faith effort to comply.

Missouri is making work pay. By increasing the resource limit, earned income disregards, and the automobile asset limit, Missouri has created an economic support system that provides incentives to encourage families to work and not stay on welfare.

Like the Clinton Administration, Missouri is seeking to ensure that children receive financial and emotional support from both parents. The Missouri waiver demonstration project includes a provision that allows non-custodial parents credit against state child support debt for participating in the JOBS program, providing the education and training they may need to obtain a job and enable them to meet their child support obligations.

Missouri's Families Mutual Responsibility Plan includes important prevention and parental responsibility components. Similar to provisions of President Clinton's welfare reform plan, Missouri is sending a clear message to teen parents that having children is an immense responsibility rather than an easy route to independence. Missouri is committed to providing the support needed to end long-term welfare dependency by requiring minor mothers to live at home or with a responsible adult, providing incentives for minor parents to stay in school, and eliminating the 100 hour rule for parents under age 21 in the AFDC Unemployed Parents (AFDC-UP) program.

Carol:

Here is the completed memo with your changes. HHS is still double-checking two of the numbers -- that the demos cover over 45% of AFDC recipients, or over 6.3 million people. But I think it's in pretty good shape.

By the way, in response to your concern about my statement that HHS doesn't keep track of how many welfare waivers have been implemented: HHS does keep track waiver by waiver, for evaluation purposes among other things, but they haven't done a grand tally of how many of the 32 waivers granted have been implemented. I would guess there are also issues where different elements of the waiver phase in at different times, so it can be difficult to say at which point a waiver is implemented.

Diana

FAX

Health Division

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

TO: Diana Fortuna

FROM: Meg Murray

Fax Destination
Organization:
Phone Number: 67431

Number of Attached Pages: 8

Notes:

HD Fax Number:	*202/395-3910*	
Voice Confirmation:	*202/395-4922*	*Health Division Front Office*
	202/395-4925	*Health & Human Services Unit*
	202/395-4926	*Health Programs & Services Branch*
	202/395-4930	*Health Financing Branch*

welfare waivers

May 26, 1995

Health Division

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

Please route to:

Diana Fortuna

Decision needed ___
Please sign ___
Per your request ___
Please comment ___
For your information ✓

Through: Mark Miller MM

Subject: §1115 Waiver Documents

With informational copies for:
HD Chron, HFB Chron
Jill Blickstein, Andy Allison

From: Meg Murray MM

Phone: 202/395-4930
Fax: 202/395-3910
Email: murray_m@a1.eop.gov
Room: #7001

Attached you will find several items that Jack Lew had suggested we send to you regarding the §1115 waivers.

1. Michigan is requesting a welfare waiver under §1115 to offer a Medicaid buy-in for two years to recipients whose Medicaid Transitional Benefits have ended after 12 months. They want to demonstrate whether the presence of health insurance will reduce the recidivism rate of AFDC. Recipients with incomes up to 200% of the FPL will pay a premium on a sliding scale. The Federal government is requested to match both the State and individual contribution, resulting in no Federal savings from the individual's contribution and possibly in the State making a profit on the program. We have attached a copy of a background memo on this waiver.

2. Congressmen Lipinski and Costello have written Alice Rivlin regarding Illinois' §1115 waiver and the State's problem with late payments. Jack wanted you to review the Director's response as Carol Rasco had spoken with the Governor on this issue. We have attached a copy of the Director's letters and the original letters from the Congressmen.

May 26, 1995

Health Division

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

Please route to:	Jack Lew	Decision needed	____
		Please sign	____
		Per your request	____
		Please comment	____
Through:	Barry Clendenin Mark Miller	For your information	____

With informational copies for:
HD Chron, HFB Chron
Jill Blickstein, Andy Allison

Subject: Michigan Welfare Waiver

From: Meg Murray

Phone: 202/395-4930
Fax: 202/395-3910
Email: murray_m@a1.eop.gov
Room: #7001

Michigan is requesting a welfare waiver under §1115 to offer a Medicaid buy-in for two years to recipients whose Medicaid Transitional Benefits have ended after 12 months. They want to demonstrate whether the presence of health insurance will reduce the recidivism rate of AFDC. Recipients with incomes up to 200% of the FPL will pay a premium on a sliding scale. The Federal government is requested to match both the State and individual contribution, resulting in no Federal savings from the individual's contribution and possibly in the State making a profit on the program.

We would like your policy guidance on:

- whether the State should be allowed to use savings from the current welfare waiver to offset the costs of this waiver;
- whether the State should be allowed to continue to combine savings across Medicaid, AFDC and Food Stamps;
- whether the Federal government should match both the individual's and the State's premium contribution; and

- if so, should the waiver be amended to ensure that the State does not profit from the waiver, or to ensure that the Federal government shares in savings from the individuals' contribution.

Michigan Welfare Waiver

Six States have received welfare waivers to extend Medicaid Transitional Benefits. **Michigan is the first State to request a welfare waiver so that individuals are required to pay a portion of the premium and so that the Federal government match both the State and individual contribution.** In the Florida and Tennessee Medicaid waivers, the Federal government has agreed to match individual premiums for people buying into the Medicaid program[1].

Unlike the Medicaid waivers, budget neutrality for the welfare waivers is calculated by comparing the *total welfare expenditures* (AFDC, Medicaid and Food Stamps) of a demonstration group to a control group. Savings in AFDC and Food Stamps are used to offset costs in Medicaid. Michigan has a welfare waiver in place which has begun to achieve savings[2]. This waiver is an amendment to the current waiver. While the State had at first balked at providing any funds due to its belief that the AFDC savings already being accrued would pay for the new Medicaid costs, the State has now agreed to pay for a portion of the program. Under its calculations, the State would pay $3.9 million, while the Federal government would pay $61.4 M for this two year waiver.

The State projects that this waiver is budget neutral due to the reduction in AFDC and Food Stamps costs from reduced AFDC recidivism. The State expects to see a 50% reduction in AFDC recidivism due to this waiver, although it only needs 25% to reach budget neutrality. The research on the link between welfare and health care, the so-called "welfare lock," has found little effect however. Thus, without the savings from the current welfare waiver, the State may not be able to reach budget neutrality for this program alone.

Concerns with the Waiver

---

[1]In the Tennessee waiver, HCFA agreed to match a percentage of premiums collected. The percentage peaks at 90% and declines to 20% as the total amount of premiums collected by the State increases to $175 million. In the Florida waiver, at least 40% of the enrollees must come from income levels below poverty, at least 70% from below 150% of poverty, and at least 90% from below 200%.

[2]During the first two years, the Federal government saved $25 million and the State $75 million. The State's savings were higher because a State-only program was brought in under the AFDC program.

- Under the State's financial calculations, the match of the combined individual and State contribution results in a Federal matching rate of 96% as opposed to the nominal Federal matching rate in the rest of the program of 57%;

- As currently proposed, anyone over 130% of the poverty level would contribute more than 43% (the nominal State share) of the total premium. In these cases, the State would keep the portion of the contribution over 43% of the premium. Thus, the State has an incentive to enroll people with incomes over 130% of poverty to reduce State expenditures or even make a profit;

- Although several other States have been granted a waiver to extend Medicaid Transitional Benefits, research has found little, if any, effect on welfare caseloads of increased access to health benefits. This is more true now than before due to the expansion of Medicaid coverage for children which reduces low income families' demand for private health insurance. In addition, if there are any savings from this program, it will be impossible to parse them out from the savings from other aspects of Michigan's welfare waiver because budget neutrality is being judged for both the current waiver and the amendment to that waiver, as well as across all three welfare programs.

- Should the project not be budget neutral, the Federal government may have difficulty in withholding overpayments. Both Washington and Alabama have experienced large cost-overruns in their welfare demonstrations. In both cases, State attorneys challenged the precision of the budget neutrality language that States had agreed to in the Terms and Conditions. Although OGCs in HHS and USDA routinely review waiver terms before they are approved, Federal attorneys advised that they could not guarantee success in court against either State challenge.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

Honorable William O. Lipinski
U. S. House of Representatives
Washington, D. C. 20515

Dear Representative Lipinski:

Thank you for your letter of April 5, 1995, referring to the Illinois §1115 waiver proposal to implement the MediPlan Plus program. Many States are reforming their health care systems through Medicaid demonstration programs. The Administration is committed to encouraging innovation and flexibility within the Medicaid program in partnership with the States, while ensuring that the reformed programs are budget neutral. The Health Care Financing Administration (HCFA) is working with Illinois to address concerns regarding quality of and access to care, client education and financing. HCFA is also working with the State to assure that provider payments are timely.

Thank you again for letting me know of your concerns about Illinois' §1115 waiver request.

Sincerely,

Alice M. Rivlin
Director

c: Official File/HFB
HD Chron
DO Records (OMB #47475)
DO Chron
Barry Clendenin
Nancy-Ann Min
Bob Damus
Chuck Kieffer
Chantale Wong
Bill Halter
Jack Arthur
Jack Lew

HFB/HD/MMurray/dy/5-18-95
File Name: 47475.ltr

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

Honorable Jerry F. Costello
U. S. House of Representatives
Washington, D.C. 20510

Dear Representative Costello:

Thank you for your letter of April 11, 1995, referring to the Illinois §1115 waiver proposal to implement the MediPlan Plus program. Many States are reforming their health care systems through Medicaid demonstration programs. The Administration is committed to encouraging innovation and flexibility within the Medicaid program in partnership with the States, while ensuring that the reformed programs are budget neutral. The Health Care Finance Administration (HCFA) is working with Illinois to address concerns regarding quality of and access to care, client education and financing. HCFA is also working with the State to assure that provider payments are timely.

Thank you again for letting me know of your concerns about Illinois' §1115 waiver request.

Sincerely,

Alice M. Rivlin
Director

c: Official File/HFB
HD Chron
DO Records (OMB #47501.ltr)
DO Chron
Barry Clendenin
Nancy-Ann Min
Bob Damus
Chuck Kieffer
Chantale Wong
Bill Halter
Jack Arthur
Jack Lew

HFB/HD/MMurray/dy/5-18-95
File Name: 47501.ltr

JERRY F. COSTELLO
12TH DISTRICT, ILLINOIS

PLEASE RESPOND TO THE
OFFICE CHECKED BELOW:

COMMITTEES
BUDGET
TRANSPORTATION & INFRASTRUCTURE
SCIENCE
(ON LEAVE)

Congress of the United States
House of Representatives
Washington, DC 20515–1312

95 APR 13 P4

April 11, 1995

RECEIVED
APR 1 4 1995

Jeanie

The Honorable William J. Clinton
President of The United States
The White House
1600 Pennsylvania Ave, NW
Washington, D.C. 20500

Dear President Clinton:

I wanted to share with you my concern regarding the state of Illinois' request for a Section 115 waiver from Medicaid regulations in order to implement MediPlan Plus, a Medicaid managed care program.

Some serious questions already have been raised about the potential impact of MediPlan Plus on the ability of thousands of Illinois residents to access health care. These questions so far have focused on such areas as quality of and access to care, provider payments, client education/HMO marketing, and financing. When considered with a recent state budget proposal that would substantially cut Medicaid funding, these questions and concerns become even more critical.

The recently proposed Illinois State budget for FY 1996 would eliminate critically needed adjustment payments to providers that disproportionately serve the poor, freeze Medicaid hospital and nursing home rates, and continue a "temporary" hospital provider tax that was scheduled to expire this year. In all, payments to hospitals providers would be cut by $600 million. Coupled with a $700 million backlog of unpaid hospital bills, we have a state budget that does nothing to ensure the success or viability of MediPlan Plus. The proposed state budget harms the very providers that are to be the backbone of MediPlan Plus.

I support the Administration's commitment to granting the states flexibility in order to develop new ways to improve access to health care for the poor while also incorporating necessary cost controls. And, I understand that Illinois, like many other states, is struggling with matching available resources with the needs of its residents. However, revamping and inadequately funding a state's Medicaid program cannot be the answer to a state's fiscal problem.

Managed care may hold the potential to stimulate more efficient, appropriate, and cost-effective use of the medical system. These are important goals. However, if the flexibility provided to a

☐ 2454 Rayburn Building, Washington, DC 20515, Tel: (202) 225-5661, Fax: (202) 225-0285
☐ 327 W. Main St., Belleville, IL 62220, Tel: (618) 233-8026, Fax: (618) 233-8765
☐ 1363 Niedringhaus Ave., Granite City, IL 62040, Tel: (618) 451-7065, Fax: (618) 451-2126
☐ 250 W. Cherry St., Carbondale, IL 62901, Tel: (618) 529-3791, Fax: (618) 549-3760
☐ 8787 State St., East St. Louis, IL 62203, Tel: (618) 397-8833
☐ 1330 Swanwick St., Chester, IL 62233, Tel: (618) 826-3043

47501

SENT BY:Xerox Telecopier 7020 ; 5-30-95 ;11:27AM ; 3957289→ 67431;# 9

WILLIAM O. LIPINSKI
3D DISTRICT, ILLINOIS

COMMITTEE ON
TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON AVIATION

DEMOCRATIC STEERING COMMITTEE

Congress of the United States
House of Representatives
Washington, DC 20515

RECEIVED
APR 11 1995

April 5, 1995

The Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear President Clinton:

I am writing with regard to the State of Illinois' request for a Section 1115 Medicaid waiver from the Health Care Financing Administration of the U.S. Department of Health and Human Services. The State of Illinois is in the process of trying to implement MediPlan Plus, a Medicaid managed care program. I wish to express my concerns about this program.

The recently proposed Illinois State budget for FY'96 would eliminate critically needed adjustment payments to providers that disproportionately serve the poor. The budget also includes provisions to freeze Medicaid rates for hospitals and nursing homes, and continue a "temporary" hospital provider tax that was scheduled to expire this year. In total, payments to hospital providers would be cut by $600 million. Coupled with a $700 million backlog of unpaid hospital bills, the proposed Illinois budget does not ensure the success or viability of the MediPlan Plus program. In fact, it harms the very providers of health care on which the integrity of MediPlan Plus depends.

I appreciate the Administration's commitment to granting the states flexibility in order to develop new ways to improve access and control costs of health care for the poor. However, I believe that the State of Illinois has not yet provided enough assurance that this managed care system can be implemented effectively, without jeopardizing patient care. Indeed, until Illinois' state government offers a serious financial commitment to MediPlan Plus, the more important goals of patient accessibility and quality of care will go unrealized.

I therefore respectfully urge the Administration to consider delaying approval of Illinois' 1115 wavier request. I appreciate your consideration on this matter. With best wishes and kind regards, I remain

Sincerely,

WILLIAM O. LIPINSKI
Member of Congress

WOL/jg
cc: Marcia Hale, Asst. to the President for Intergovernmental Affairs
Kathleen Buto, Health Care Financing Administration

47475

WELFARE WAIVER SUMMARY

Approved: 32 applications from 29 states

- o Arizona
- o Arkansas
- o California (2)
- o Colorado
- o Connecticut
- o Delaware
- o Florida
- o Georgia
- o Hawaii
- o Illinois
- o Indiana
- o Iowa
- o Michigan
- o Mississippi
- o Missouri
- o Montana
- o Nebraska
- o New York
- o North Dakota
- o Ohio
- o Oklahoma (2)
- o Oregon
- o Pennsylvania
- o South Carolina
- o South Dakota
- o Vermont
- o Virginia
- o Wisconsin (2)
- o Wyoming

Under Review: 20 applications from 16 states
(includes date of request and 120-day point)

	Requested	120 Days
o California (4 waivers)	8/94 - 12/94	12/94 - 4/95
o Georgia	7/94	11/94
o Hawaii	5/95	9/95
o Kansas	7/94	11/94
o Maine	8/94	12/94
o Maryland	3/94	7/94
o Massachusetts	4/95	8/95
o Mississippi	2/95	6/95
o North Dakota	9/94	1/95
o Oregon	11/93	3/94
o Texas	4/95	8/95
o Utah	5/95	9/95
o Virginia	12/94	4/95
o Washington	2/95	6/95
o West Virginia	4/95	8/95
o Wisconsin (2 waivers)	4/95	8/95

Anticipated: 31 applications from 26 states

- o Alaska
- o Arkansas
- o California
- o Connecticut
- o D.C.
- o Florida
- o Illinois (3)
- o Kentucky
- o Maine
- o Maryland
- o Massachusetts (2)
- o Minnesota
- o Nevada
- o New Hampshire
- o New Jersey
- o New York
- o North Carolina
- o Oklahoma
- o Oregon
- o Pennsylvania (2)
- o Rhode Island
- o South Carolina (2)
- o Texas
- o Washington
- o West Virginia
- o Wyoming

1+2	3	4	5
1 Ariz	✓	✓	✓
2 Conn	✓	✓	✓
3 Del	✓	✓	✓
4 Fla		✓	—
5 Ind	✓	✓	✓
6 Mich	✓	✓	—
7 Missouri	✓	✓	✓
8 Montana	✓	✓	—
9 Nebraska		✓	—
10 Okla		✓	
11 SC		✓	
12 SD		✓	
13 VT	✓	✓	✓
14 WI	✓	✓	✓
14	9	14/9	7

intro JB# Concl.

- o requiring more people to participate in education and training programs;
- o increasing sanctions for those who do not comply with these requirements;
- o expanding case management services; and
- o subsidizing private sector jobs for welfare recipients.

Time Limited Benefits: Sixteen states are using waivers in an effort to transform welfare from a way of life to a transitional support system. They are doing so by placing a time limit on benefits, or by requiring welfare recipients to participate in work or training after a certain period of time in order to continue to receive benefits. As in the Administration's Work and Responsibility Act, many states require recipients to develop plans with specific goals and deadlines, and enforce these plans with sanctions that reduce or deny benefits. Time limits range up to five years, but are flexible for participants who make good-faith efforts to find work.

Again stress posi. low # of people.

Child Support Enforcement: Establishing paternity and enforcing child support are critical to our efforts to move people toward self-sufficiency. Fourteen states are strengthening child support enforcement by allowing families to keep more in support payments, or enrolling the non-custodial parent in job training programs.

A more comprehensive approach to child support enforcement, however, requires federal action. This Administration has required states to establish hospital-based paternity programs and has substantially increased Federal spending on child support collections. IS THIS ADMINISTRATIVE ACTION WE'VE IMPLEMENTED OR PART OF OUR BILL? The House and Senate have adopted our approach on this issue in their welfare reform bills.

Making Work Pay: Twenty-five states are removing the disincentives to work in our current welfare system by:

- o increasing the amount that a recipients can earn or save without losing benefits (this reform has been enacted by more states than any other);
- o extending child care and/or Medicaid coverage to families after they leave the welfare rolls, in order to give families critical support as they make the transition from welfare to work;
- o offering a one-time payment, child care, or medical assistance in lieu of AFDC for those with a temporary need

• Asset limit for cars?

for assistance, in order to prevent applicants from joining the AFDC rolls;

married

- allowing parents who work more than 100 hours a month to keep receiving benefits; and

- combining AFDC benefits with the cash equivalent of a family's Food Stamps allotment to give families flexibility and responsibility in managing their income.

Parental Responsibility: States are encouraging greater responsibility among AFDC recipients by:

- paying bonuses or imposing penalties on families based on children's school attendance record;

- paying bonuses or imposing penalties to encourage teen parents to stay in school, maintain adequate grades, and graduate from high school;

- allowing families to put money aside for children's education in special accounts;

- requiring AFDC households to have their children properly immunized and receive regular health check-ups;

- requiring teen parents to live in supervised settings or go to school, and offer them counseling; and

- denying additional benefits to families when a parent has another child while on AFDC.

could be considered
45% Δ an overstatement

reforms above with increased child support enforcement, removing disincentives to work, and promoting parental responsibility.

Second, one key element of welfare reform -- strengthening child support enforcement -- requires a national policy. This is because efforts to track down non-custodial parents so often must cross state lines. However, since our child support enforcement proposals have been adopted by both the House and the Senate Finance Committee in their welfare reform bills, we are likely to be able to point to success in this area.

Third, waivers depend on Governors to implement them. In New York, for example, we granted a waiver to the prior Governor that will presumbly never be implemented. Instead, the new Governor is expected to submit his own waiver request.

Finally, measuring the outcome of our waiver policy is difficult. Ideally we would measure the success of our waiver policy by looking at the number of people moved from welfare to work as a result of waivers. However, because of the nature of these experiments, we will not be able to do this for another couple of years. Many states that have been granted waivers have not yet implemented them; and, for those that have, key elements such as time limits and family caps do not usually kick in for two years and ten months respectively.

We have some early results in Iowa (which is the only state so far where AFDC recipients have reached time limits and been removed from the rolls). As you know, Florida has been able to demonstrate success in moving people to work through education and training. But it will be difficult to make comprehensive statements about the effect of our waiver policy this year or next year.

Of course, the House and Senate welfare reform plans are not scheduled to be implemented before October of this year at the earliest. Therefore, regardless of what happens on the Hill, we will not have much in the way of results next year.

<u>Specific Waiver Accomplishments</u>
To measure our success we must rely for now on measuring the actions states are taking in an effort to move people from welfare to work. Those actions are grouped below under five central principles of welfare reform, principles that we have long articulated and that were included in our bill.

Welfare to Work: We have made it clear that work must be the centerpiece of any true welfare reform plan. Twenty states are using waivers to help move people from welfare to work. To accomplish this, the states are:

DRAFT

June 1, 1995

MEMORANDUM FOR THE PRESIDENT

FROM: Carol Rasco

SUBJECT: Welfare Reform Waivers

You asked for a summary of our record in granting waivers to states for welfare reform demonstrations. Call for a strategy for potentially packaging them as our record on welfare reform in the event that legis does not pan out. (?)

Overview:

We have approved 32 welfare waivers in 29 states, more than the two previous Administrations combined. (Twenty-one states have waivers from prior Administrations.) The attached map illustrates that these waivers are broadly distributed throughout the nation. In an average month, these demonstrations cover over 45% of AFDC recipients, or over 6.3 million people.

If HHS decides to grant all of the waivers now pending, the number of states with approved waivers would grow from 29 to 37, and the number of waivers would grow from 32 to 51. (A state may have more than one waiver because many waivers are implemented only in portions of the state, and because a state may request waivers of different parts of the law at different times.)

This record will allow us to say that we have made substantial progress toward our goal of ending welfare as we know it, even if no bill emerges from the debate on the Hill. We can say that this Administration's policy of encouraging state welfare reform demonstrations has allowed us to make significant strides toward a new welfare system. Further, the state demonstrations have the opportunity same themes of work, responsibility, and family as our welfare reform proposal. Welfare is no longer the same program it was for almost half of all recipients -- and that proportion is growing. The welfare system that these recipients encounter includes or will soon include some combination of time limits, education and training, work incentives, stronger child support enforcement, and asking parents to take more responsibility for their children.

Caveats:

There are some caveats to our ability to claim success on welfare reform via waivers. First, and most important, probably fewer than half of the 29 states with waivers have undertaken what we would consider comprehensive reform. For example, only 14 of the 29 states combine increased education and training with time limits on cash assistance. Only seven states have combined the

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-Jun-1995 01:04pm

TO: Carol H. Rasco

FROM: Diana M. Fortuna
Domestic Policy Council

CC: Jeremy D. Benami

SUBJECT: Welfare waiver memo

Not yet sent

I am about to e-mail you the welfare waiver memo for the President.

A few notes:

I have a new glossy color map which we will attach. I also think I should attach the chart on welfare waivers I did for the Leon briefing, though it's not really necessary.

HHS has not finished updating 2 important numbers for me yet. (They thought they would be finished this morning.) The text now reads that waivers "cover over 45% of AFDC recipients, or over 6.3 million people." This is accurate, but HHS is working on more exact numbers. Let me know if you think it would be appropriate to wait for these numbers; they should be done this afternoon.

Finally, HHS does not keep track of how many waivers have been implemented, which would be an interesting thing to know. They could figure it out in a day or two. But I don't think that is worth holding up the memo.

Let me know of any comments or changes you have; also who should be cc'd.

DF

MEDICAID WAIVER SUMMARY

A Medicaid demonstration waiver (often called an 1115 waiver) allows a state to deviate from the law for research purposes. Without a waiver, a state may not enroll Medicaid beneficiaries in managed care, vary benefits within the state, or extend coverage to the uninsured.

Of the 10 Medicaid waivers HHS has approved to date, most have followed a similar pattern -- enroll Medicaid beneficiaries in managed care and use the savings to extend Medicaid eligibility to uninsured people not otherwise eligible under the law.

getting less free; more solve budget problems, shift costs

A second type of waiver, known as a freedom-of-choice or 1915b waiver, also allows states to use managed care, but is more restrictive than an 1115 waiver. These waivers are not discussed here.

(not usually an issue - Nebraska)

Approved: 10 states

- Implemented: Oregon, Hawaii, Rhode Island, Tennessee
- Not Yet Implemented: Kentucky (suspended by legislature), Florida (awaiting legislative action), Ohio, Massachusetts, Minnesota, Delaware

Under Review: 10 states (with date of request and 120-day point)

	Requested	120 Days
New Hampshire	6/94	10/94
Illinois	9/94	1/95
Georgia	12/94	4/95
Louisiana	1/95	5/95
Oklahoma	1/95	5/95
Vermont	2/95	6/95
New York	3/95	7/95
Kansas	3/95	7/95
Missouri	3/95 amended	7/95
Kentucky	3/95 amended	7/95

Concepts Discussed with HHS:

- Alabama
- New Jersey
- Montana
- Texas
- Utah

UPCOMING MEDICAID WAIVER ISSUES

QUESTIONS ABOUT BENEFITS OF WAIVER: Two waivers have generated some intense opposition, particularly in urban areas.

Unions: SEIU – Reich + Shalala ; AFSCME

Illinois (120 days in January 1995) -- Would mandate managed care. State has a very poor history with Medicaid program. New issue is how state will pay $1.3 billion in back payments owed to providers.

* budget bill.

GS: Slow

New York (120 days in July 1995) -- Would mandate managed care and shift costs from state-financed program to Medicaid. Interaction with significant Medicaid budget cuts proposed by Governor has generated intense anxiety, particularly in New York City. City Council alternative to plow back savings into system doesn't appear to be budget neutral.

VP: give + let them screw up

VP: "be considerate"

BUDGET NEUTRALITY: Administration policy is that waivers must be budget neutral. A GAO study and interest by Congress have increased scrutiny in this area. Budget neutrality has been a major issue in most waiver negotiations and has required most states to compromise with HHS.

VP: Straight

Louisiana (120 days in May 1995) -- Waiver is motivated by problem with state Medicaid financing: Congress's curb on states' ability to use disproportionate share hospital (DSH) payments as the state share of Medicaid affects Louisiana dramatically -- the financing for over half of its share of Medicaid will be eliminated as of July 1. Crisis

Edwards June 2

The Governor's proposal would create a new public managed care entity and add uninsured persons to Medicaid. Preliminary analysis by HHS indicates serious budget neutrality issues. Private providers and some legislators are working on an alternative. Gov backing down

Secretary Shalala told the Governor and state legislators months ago that HHS was prepared to pursue other avenues of addressing the state's fiscal problem, including public finance approaches. This statement was reported in the press. The state has not pushed HHS to follow up yet.

Vermont (120 days in June 1995) -- Would mandate managed care, cover the uninsured up to 150% of poverty level, and give lower-income Medicare beneficiaries a prescription drug benefit. OMB has concerns about budget neutrality of prescription drug benefit; state is very committed to this feature of its proposal. OMB and HHS want to resolve soon.

Montana -- Not yet submitted but raises concerns. State would extend Medicaid coverage for mental health services only. Appears to be designed to shift costs from state-funded mental health programs to Medicaid. Raises question about precedent in other states.

OTHER ISSUES:

Tennessee -- Approved in 1993, implemented January 1994. Imposed managed care, cut rates significantly, added coverage for most uninsured. Reports that some providers and Blue Cross are very unhappy; some HMOs unable to arrange specialty care. Pools promised by the state to compensate essential community providers have not materialized due to state budget constraints. GAO report being prepared.

District of Columbia (120 days in June 1994; planning grant awarded in September 1994) -- Would enroll disabled children in managed care. Initial concerns about D.C.'s capacity to run program, use of sole source provider, and ADA compliance. These may be resolved, but issue surfaced in Washington Post last year.

Do later in context of ECH

JR

WELFARE WAIVER SUMMARY

Approved: 32 applications from 29 states

- o Arizona
- o Arkansas
- o California (2)
- o Colorado
- o Connecticut
- o Delaware
- o Florida
- o Georgia
- o Hawaii
- o Illinois
- o Indiana
- o Iowa
- o Michigan
- o Mississippi
- o Missouri
- o Montana
- o Nebraska
- o New York
- o North Dakota
- o Ohio
- o Oklahoma (2)
- o Oregon
- o Pennsylvania
- o South Carolina
- o South Dakota
- o Vermont
- o Virginia
- o Wisconsin (2)
- o Wyoming

Under Review: ~~18~~ 20 applications from ~~14~~ 16 states
(includes date of request and 120-day point)

	Requested	120 Days
o California (4 waivers)	8/94 - 12/94	12/94 - 4/95
o Georgia	7/94	11/94
o ~~Kansas~~ → Hawaii 5/95 - 9/95	7/94	11/94
o Maine	8/94	12/94
o Maryland	3/94	7/94
o Massachusetts	4/95	8/95
o Mississippi	2/95	6/95
o North Dakota	9/94	1/95
o Oregon	11/93	3/94
o Texas	4/95	8/95
o Virginia	12/94	4/95
o Washington	2/95	6/95
o West Virginia	4/95	8/95
o Wisconsin (2 waivers)	4/95	8/95
o Utah 5/95 - 9/95		

+ 20 waivers = 52 waivers
+ 8 states = 37 states

Anticipated: ~~33~~ 31 applications from ~~28~~ 26 states

- o Alaska
- o Arkansas
- o California
- o Connecticut
- o D.C.
- o Florida
- ~~o Hawaii~~
- o Illinois (3)
- o Kentucky
- o Maine
- o Maryland
- o Massachusetts (2)
- o Minnesota
- o Nevada
- o New Hampshire
- o New Jersey
- o New York
- o North Carolina
- o Oklahoma
- o Oregon
- o Pennsylvania (2)
- o Rhode Island
- o South Carolina (2)
- o Texas
- ~~o Utah~~
- o Washington
- o West Virginia
- o Wyoming

+8 if all these app'd

UPCOMING WELFARE WAIVER ISSUES

Massachusetts and Virginia would impose more stringent requirements on welfare recipients than we have approved in prior waivers. Massachusetts is more time sensitive because the Governor wants to implement it on July 1. Timing w/WR

Massachusetts (120 days in August 1995) -- The waiver would:

X Kennedy
X Kerry

- limit AFDC to 24 months in a 5-year period, with provisions for extensions;
- after 60 days of benefits, require recipients who can't find 20 hours of work per week to perform community service;
- sanction individuals who fail to comply with work requirements by reducing assistance equal to the parent's portion of the grant;
- require teen parents to live at home and attend school;
- impose a family cap; and
- require child immunization.

The mayor of Boston, the AFL-CIO, and the Cardinal oppose the waiver, but Democrats in the state legislature approved it. HHS has expressed some concerns about the state's capacity to implement the waiver.

Virginia (120 days in April 1995) -- The waiver would:

- assign participants to work after 90 days of benefits;
- limit benefits to 24 consecutive months;
- sanction the entire family as a penalty for refusing to cooperate with work programs;
- require teen parents to live at home and attend school;
- impose a family cap; and
- require child immunization.

California (120 days in December 1994) -- California has requested that we approve a waiver that was originally granted by the Bush administration, but was overturned by the Ninth Circuit in its decision Beno v. Shalala. This overturned waiver allowed California to reduce welfare benefits without violating a provision of the law that prohibits states from dropping benefits below 1988 levels.

The court found that the waiver's intent did not appear to be research, and that the prior administration had not assembled an adequate administrative record for its decision to grant the waiver. The state has stated that it is testing whether reduced benefits serve as a work incentive.

The state is not pressuring HHS for approval of this waiver as much as would be expected.

MEDICAID WAIVER SUMMARY

A Medicaid demonstration waiver (often called an 1115 waiver) allows a state to deviate from the law for research purposes. Without a waiver, a state may not enroll Medicaid beneficiaries in managed care, vary benefits within the state, or extend coverage to the uninsured.

Of the 10 Medicaid waivers HHS has approved to date, most have followed a similar pattern -- enroll Medicaid beneficiaries in managed care and use the savings to extend Medicaid eligibility to uninsured people not otherwise eligible under the law.

A second type of waiver, known as a freedom-of-choice or 1915b waiver, also allows states to use managed care, but is more restrictive than an 1115 waiver. These waivers are not discussed here.

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o Louisiana	1/95	5/95
o Oklahoma	1/95	5/95
o Vermont	2/95	6/95
o New York	3/95	7/95
o Kansas	3/95	7/95
o Missouri	3/95 amended	7/95
o Kentucky	3/95 amended	7/95

Concepts Discussed with HHS:

- Alabama
- New Jersey
- Montana
- Texas
- Utah

UPCOMING MEDICAID WAIVER ISSUES

QUESTIONS ABOUT BENEFITS OF WAIVER: Two waivers have generated some intense opposition, particularly in urban areas.

Illinois (120 days in January 1995) -- Would mandate managed care. State has a very poor history with Medicaid program. New issue is how state will pay $1.3 billion in back payments owed to providers.

New York (120 days in July 1995) -- Would mandate managed care and shift costs from state-financed program to Medicaid. Interaction with significant Medicaid budget cuts proposed by Governor has generated intense anxiety, particularly in New York City. City Council alternative to plow back savings into system doesn't appear to be budget neutral.

BUDGET NEUTRALITY: Administration policy is that waivers must be budget neutral. A GAO study and interest by Congress have increased scrutiny in this area. Budget neutrality has been a major issue in most waiver negotiations and has required most states to compromise with HHS.

Louisiana (120 days in May 1995) -- Waiver is motivated by problem with state Medicaid financing: Congress's curb on states' ability to use disproportionate share hospital (DSH) payments as the state share of Medicaid affects Louisiana dramatically -- the financing for over half of its share of Medicaid will be eliminated as of July 1.

The Governor's proposal would create a new public managed care entity and add uninsured persons to Medicaid. Preliminary analysis by HHS indicates serious budget neutrality issues. Private providers and some legislators are working on an alternative.

Secretary Shalala told the Governor and state legislators months ago that HHS was prepared to pursue other avenues of addressing the state's fiscal problem, including public finance approaches. This statement was reported in the press. The state has not pushed HHS to follow up yet.

Vermont (120 days in June 1995) -- Would mandate managed care, cover the uninsured up to 150% of poverty level, and give lower-income Medicare beneficiaries a prescription drug benefit. OMB has concerns about budget neutrality of prescription drug benefit; state is very committed to this feature of its proposal. OMB and HHS want to resolve soon.

Montana -- Not yet submitted but raises concerns. State would extend Medicaid coverage for mental health services only. Appears to be designed to shift costs from state-funded mental health programs to Medicaid. Raises question about precedent in other states.

OTHER ISSUES:

Tennessee -- Approved in 1993, implemented January 1994. Imposed managed care, cut rates significantly, added coverage for most uninsured. Reports that some providers and Blue Cross are very unhappy; some HMOs unable to arrange specialty care. Pools promised by the state to compensate essential community providers have not materialized due to state budget constraints. GAO report being prepared.

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WELFARE WAIVER SUMMARY

Approved: 32 applications from 29 states

- Arizona
- Arkansas
- California (2)
- Colorado
- Connecticut
- Delaware
- Florida
- Georgia
- Hawaii
- Illinois
- Indiana
- Iowa
- Michigan
- Mississippi
- Missouri
- Montana
- Nebraska
- New York
- North Dakota
- Ohio
- Oklahoma (2)
- Oregon
- Pennsylvania
- South Carolina
- South Dakota
- Vermont
- Virginia
- Wisconsin (2)
- Wyoming

Under Review: 18 applications from 14 states
(includes date of request and 120-day point)

	Requested	120 Days
o California (4 waivers)	8/94 - 12/94	12/94 - 4/95
o Georgia	7/94	11/94
o Kansas	7/94	11/94
o Maine	8/94	12/94
o Maryland	3/94	7/94
o Massachusetts	4/95	8/95
o Mississippi	2/95	6/95
o North Dakota	9/94	1/95
o Oregon	11/93	3/94
o Texas	4/95	8/95
o Virginia	12/94	4/95
o Washington	2/95	6/95
o West Virginia	4/95	8/95
o Wisconsin (2 waivers)	4/95	8/95

Anticipated: 33 applications from 28 states

- Alaska
- Arkansas
- California
- Connecticut
- D.C.
- Florida
- Hawaii
- Illinois (3)
- Kentucky
- Maine
- Maryland
- Massachusetts (2)
- Minnesota
- Nevada
- New Hampshire
- New Jersey
- New York
- North Carolina
- Oklahoma
- Oregon
- Pennsylvania (2)
- Rhode Island
- South Carolina (2)
- Texas
- Utah
- Washington
- West Virginia
- Wyoming

UPCOMING WELFARE WAIVER ISSUES

Massachusetts and Virginia would impose more stringent requirements on welfare recipients than we have approved in prior waivers. Massachusetts is more time sensitive because the Governor wants to implement it on July 1.

Massachusetts (120 days in August 1995) -- The waiver would:

- limit AFDC to 24 months in a 5-year period, with provisions for extensions;
- after 60 days of benefits, require recipients who can't find 20 hours of work per week to perform community service;
- sanction individuals who fail to comply with work requirements by reducing assistance equal to the parent's portion of the grant;
- require teen parents to live at home and attend school;
- impose a family cap; and
- require child immunization.

The mayor of Boston, the AFL-CIO, and the Cardinal oppose the waiver, but Democrats in the state legislature approved it. HHS has expressed some concerns about the state's capacity to implement the waiver.

Virginia (120 days in April 1995) -- The waiver would:

- assign participants to work after 90 days of benefits;
- limit benefits to 24 consecutive months;
- sanction the entire family as a penalty for refusing to cooperate with work programs;
- require teen parents to live at home and attend school;
- impose a family cap; and
- require child immunization.

California (120 days in December 1994) -- California has requested that we approved a waiver that was originally granted by the Bush administration, but was overturned by the Ninth Circuit in its decision Beno v. Shalala. This overturned waiver allowed California to reduce welfare benefits without violating a provision of the law that prohibits states from dropping benefits below 1988 levels.

The court found that the waiver's intent did not appear to be research, and that the prior administration had not assembled an adequate administrative record for its decision to grant the waiver. The state has stated that it is testing whether reduced benefits serve as a work incentive.

The state is not pressuring HHS for approval of this waiver as much as would be expected.

UPCOMING WELFARE WAIVER ISSUES

Massachusetts and Virginia: Mayor These states would impose the most stringent requirements on welfare we have seen yet. Massachusetts is more time sensitive because the Governor wants to implement it July 1; the 120-day period ends in August.

Massachusetts would impose a work requirement after 60 days. Mayor Menino, the AFL-CIO, and the Cardinal oppose the waiver, but Democrats in the state legislature approved it. Virginia is on a slower timetable. It includes a work requirement after 90 days and full family sanction for refusing to cooperate with work programs.

California:

DF: capacity

MA 24/5 yrs (w/exc)
really looking for job?

Wait til 7 debate

CR & how affects debate (Hill

JBA - raises capacity

Script - SEIU/AFSCME
MA less mtg

MEDICAID WAIVER ISSUES

Of the 10 Medicaid waivers HHS has approved to date, most have followed a similar pattern -- place Medicaid beneficiaries in managed care plans and use the savings to extend Medicaid eligibility to uninsured people not otherwise eligible under the law. In contrast, some of the newer waivers appear to be designed to solve state budget problems by mandating managed care and/or shifting costs to the federal budget, without extending coverage to the uninsured.

<u>Questions about benefits of waiver:</u> These two waivers have generated some intense opposition, particularly in urban areas.

(timing)

Illinois -- Would mandate managed care. State has a very poor history with Medicaid program. New issue is how state will pay $1.3 billion in back payments owed to providers.

New York -- Would mandate managed care and shift costs from state-financed program to Medicaid. Interaction with significant Medicaid budget cuts proposed by Governor has generated intense anxiety, particularly in New York City. (ADD RESOLUTION OF MEDICAID BUDGET CUTS, IF KNOWN) City Council alternative to plow back savings into system doesn't appear to be budget neutral.

<u>Budget Neutrality:</u> Administration policy is that waivers must be budget neutral. A GAO study and interest by Congress have increased scrutiny in this area. Budget neutrality has been an issue for most waivers.

IF public? / hold mark

Louisiana -- Waiver is motivated by problem with state Medicaid financing: Congress's curb on states' ability to use disproportionate share hospital (DSH) payments as the state share of Medicaid affects Louisiana dramatically -- the financing for over half of its share of Medicaid will be eliminated as of July 1.

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Montana -- Not yet submitted but raises concerns. State would extend Medicaid coverage for mental health services only. Appears to be designed to shift costs from state-funded mental health programs to Medicaid. Could set significant precedent if approved.

STATE	INITIATIVE	KEY DATES
Washington	Would eliminate 100-hour rule and work history requirements for AFDC-UP cases and subtract client earnings from 55 percent of the State need standard rather than the payment standard.	Received 11/16/93
	Submitted new request replacing this proposal.	Replaced 2/1/95

STATE	INITIATIVE	KEY DATES	COMMENTS
RECEIVED (Active)	26 Applications from 19 States (Active and Inactive Status)		
Arizona	Statewide, would not increase benefits for additional children conceived while receiving AFDC; limit benefits to adults to 24 months in any 60 month period; allow recipients to deposit up to $200/month (with 50% disregarded) in Individual Development Accounts; require minor mothers to live with parents; extend Transitional Child Care and Medicaid to 24 months and eliminate the 100-hour rule for AFDC-U cases. Also, in a pilot site, would provide individuals with short-term subsidized public or private OJT subsidized by grant diversion which includes cashing-out Food Stamps.	Received 8/3/94	Analysis paper sent to Federal reviewers 10/26 and to State 12/5. Conference call with State 12/19 and response received 1/12 has not resolved key issues. Assistant Secretary met with State official 1/13 and letter offering to work with State to resolve issues sent 1/20. Conference calls with State 2/2, 2/9 and 3/8. Also met with State official 3/1. Draft terms and conditions sent to State 3/24 and to Federal reviewers 3/30. Partial State response received 4/19 and conference calls with State 4/20 and 4/27 and 5/5/95. Revised draft terms and conditions sent to State 5/3 and 5/8/95. Expect to put in final clearance by 5/12/95. ALSO SEE ADDENDUM

STATE	INITIATIVE	KEY DATES	COMMENTS
California not getting pressure from Ca *	Would amend the Assistance Payments Demonstration Project by: exempting certain categories of AFDC families from the State's benefit cuts; paying the exempt cases based on grant levels in effect in California on November 1, 1992; and renewing the waiver of the Medicaid maintenance of effort provision at section 1902(c)(1) of the Social Security Act, which was vacated by the Ninth Circuit Court of Appeals in its decision in Beno v. Shalala.	Received 8/26/94	State has requested time to respond to public comments received. Analysis paper sent to State 12/22/94. Conference call with State staff 1/9/95. Response received 3/23/95 being analyzed. ALSO SEE ADDENDUM
California pressure less since proceeding on others	Statewide, would amend the Work Pays Demonstration Project by adding provisions to not increasing AFDC benefits to families for additional children conceived while receiving AFDC. S-W fam cap - prob OK	Received 11/9/94	Analysis paper sent to Federal reviewers 1/19 and to State 1/30/95. ALSO SEE ADDENDUM
California	In San Diego County, require AFDC recipients ages 16-18 to attend school or participate in JOBS. fine	Received 12/5/94	Analysis paper not necessary. Draft terms and conditions sent to Federal reviewers 2/8 and to State 2/22/95. ALSO SEE ADDENDUM
California	Statewide, would require 100 hours CWEP participation per month for JOBS mandatory individuals who have received AFDC for 22 of the last 24 months and are working fewer than 15 hours per week after two years from JOBS assessment and: have failed to comply with JOBS without good cause, have completed CWEP or are in CWEP less than 100 hours per month, or have completed or had an opportunity to complete post-assessment education and training; provide Transitional Child Care and Transitional Medicaid to families who become ineligible for AFDC due to increased assets or income resulting from marriage or the reuniting of spouses; increase the duration of sanctions for certain acts of fraud. prob OK?	Received 12/28/94	Analysis paper sent to Federal reviewers 3/1 and to State 3/9/95. Draft terms and conditions sent to Federal reviewers 5/10/95.

STATE	INITIATIVE	KEY DATES	COMMENTS
Georgia	In 10 pilot counties would operate Work for Welfare Project which would require every recipient and non-supporting parent to work 20 hours per month in a state, local government, federal agency or nonprofit organization; extends job search; and increases sanctions for JOBS noncompliance. Statewide, would increase the automobile exemption to $4,500 and disregard earned income of children who are full-time students.	Received 7/6/94	Analysis paper sent to Federal reviewers 10/3 and to State 11/22/94. State response received 4/17/95. Draft terms and conditions being developed.
Kansas Ready to go timing on amnd not pressing? don't know why	Statewide, would, after 30 months of participation in JOBS, make adults ineligible for AFDC for 3 years; replace $30 and 1/3 income disregard with continuous 40% disregard; disregard lump sum income and income and resources of children in school; count income and resources of family members who receive SSI; exempt one vehicle without regard for equity value if used to produce income; allow only half AFDC benefit increase for births of a second child to families where the parent is not working and eliminate increase for the birth of any child if families already have at least two children; eliminate 100-hour rule and work history requirements for UP cases; expand AFDC eligibility to pregnant women in 1st and 2nd trimesters; extend Medicaid transitional benefits to 24 months; eliminate various JOBS requirements, including those related to target groups, participation rate of UP cases and the 20-hour work requirement limit for parents with children under 6; require school attendance; require minors in AFDC and NPA Food Stamps cases to live with a guardian; make work requirements and penalties in the AFDC and Food Stamp programs more uniform; and increase sanctions for not cooperating with child support enforcement activities.	Received 7/26/94	Analysis paper sent to Federal reviewers 9/19 and to State 10/21/94. Response received 11/1 and follow-up letter addressing remaining key issues sent to State 11/30/94. Response received from State 1/11 and conference call held with state 1/12/95. Draft terms and conditions sent to Federal reviewers 1/27 and to State 3/15/95 (without time-limit provisions). Final package put in clearance 4/14. ALSO SEE ADDENDUM

STATE	INITIATIVE	KEY DATES	COMMENTS
Maine	In 6 counties, would increase participation in Work Supplementation to 18 months; use Work Supplementation for any opening; use diverted grant funds for vouchers for education, training or support services; and extend transitional Medicaid and child care to 24 months.	Received 8/5/94	Analysis paper sent to Federal reviewers 9/20 and to State 11/30/94. Response from State received 1/12/95 has not resolved key issues. Expect State to replace request with new proposal (see Anticipated section).

STATE	INITIATIVE	KEY DATES	COMMENTS
Massachusetts	Statewide, would limit AFDC assistance to 24 months in a 60-month period, with provisions for extensions, for all non-exempt recipients; reduce benefits of non-exempt recipients 2.75 percent, while providing earned income disregard of $30 and one-half indefinitely; establish Work Program requiring recipients who cannot find at least 20 hours per week of paid employment after 60 days of AFDC receipt to do community service and job search to earn a cash "subsidy;" fund subsidized jobs from value of AFDC grant plus cash value of Food Stamps for limited number of volunteer recipients; sanction individuals who fail to comply with the Work Program by a reduction in assistance equal to the parent's portion of the grant; establish an Employment Development Plan (EDP) for non-exempt participants not required to participate in the Work Program, requiring community service for second failure to comply with EDP and full-family sanction for second failure to comply with community service; require teen parents to live with guardian or supportive living arrangements and attend school; require children under age 14 to attend school; strengthen paternity establishment requirements and allow the IV-D agency to determine if participants are cooperating; allow courts to order parents unable to pay child support to community service programs; exclude from the grant calculation children born to mothers while on AFDC; require child immunizatiom; pay rent directly to landlords where caretaker has fallen behind; increase asset level to $2,500 and vehicle equity limit to $5,000; strengthen fraud provisions; issue child clothing allowance vouchers; disregard first $600 of lump sum income; require direct deposit of benefits for recipients with bank accounts; and disregard the 100-hour rule for eligibility for two-parent families.	Received 4/3/95	Teleconference with State 4/11. Analysis paper sent to Federal reviewers 4/25 and to State 5/11/95.

*

most dramatic, w/Va.

60 days like WBC - wh/ was 2 small cities w/ high exemptions

Mayor Menino - critical
AFL-CIO
cardinal

120 days - Aug /
want to impl July /

State leg Dems ok'd it
(may oppose behind scenes)

haven't tended to push on capacity for other waivers

FS not unusual

STATE	INITIATIVE	KEY DATES	COMMENTS
Mississippi	Statewide, would amend previously approved New Direction Demonstration Program by adding provision that a family's benefits would not increase as a result of additional children conceived while receiving AFDC.	Received 2/17/95	Analysis paper sent to Federal reviewers 3/14 and to State 3/30/95.
North Dakota Complex But prob OK FS - prob? OK	In 9 pilot counties, would require families to develop a social contract specifying time-limit for becoming self-sufficient; combine AFDC, Food Stamps and LIHEAP into single cash payment with simplified uniform income, expense and resource exclusions; increase income disregards and exempt stepparent's income for six months; increase resource limit to $5000 for one recipient and $8000 for families with two or more recipients; exempt value of one vehicle; eliminate 100-hour rule for AFDC-UP;impose a progressive sanction for non-cooperation in JOBS or with child support; require a minimum of 32 hours of paid employment and non-paid work; require participation in EPDST; and eliminate child support pass-through.	Received 9/13/94	Met with State officials 11/18. Analysis paper sent to Federal reviewers 12/20/94 and to State 1/10/95. Response received 2/8/95. Letter concerning evaluation issues sent to State 3/28/95. Draft terms and conditions sent to Federal reviewers 4/4/95. ALSO SEE ADDENDUM
Oregon	Statewide, would increase automobile asset limit to $9000.	Received 11/12/93	Analysis paper sent to Federal reviewers 1/31 and to State 4/7/94. Response from State received 8/24. FCS sent letter 2/21/95 asking State to revise evaluation plan. State plans to make part of new waiver request (see Pre-Application Contact section below); but has also sought to move forward as separate waiver to prevent delays. ALSO SEE ADDENDUM

STATE	INITIATIVE	KEY DATES	COMMENTS
Pennsylvania	In 7 sites, would require school attendance as condition of eligibility.	Received 9/12/94	Analysis paper sent to Federal reviewers 10/18 and to State 11/30. State response received 4/18/95. Draft terms and conditions being developed. ALSO SEE ADDENDUM
Pennsylvania	Statewide, would exempt as resources college savings bonds and funds in savings accounts earmarked for vocational or secondary education and disregard interest income earned from such accounts.	Received 12/29/94	State informed that they may be able to implement their program without waivers; considering this option.
Texas	Statewide, would require that children age 5 and under be immunized.	Received 4/11/95	Analysis paper sent to Federal reviewers 5/10.

prob OK

STATE	INITIATIVE	KEY DATES	COMMENTS
Virginia	Statewide, would provide one-time diversion payments to qualified applicants instead of AFDC; change first time JOBS non-compliance sanction to at least one month continuing until compliance and remove conciliation requirement; make paternity establishment within 6 months a condition of eligibility; suspend grant if mother is not cooperating in paternity establishment; require minor parents to live with adult guardian; eliminate benefit increase for children born while a family receives AFDC; require AFDC caretakers without a high school diploma, aged 24 and under, and children, aged 18 and under, to attend school; require child immunization; allow $5000 resource exemption for savings for starting business; increase Transitional Child Care and Transitional Medicaid eligibility; and eliminate deeming requirement for aliens when their sponsor receives food stamps. Also, VIP would phase in statewide over 4 years a work component (VIEW) that will require participants to sign an Agreement of Personal Responsibility as a condition of eligibility; assign participants to a work activity within 90 days of benefit receipt; time-limit AFDC benefits to 24 consecutive months; increase earned income disregards for continued eligibility up to the federal poverty level; disregard value of one vehicle up to $7,500; provide 12 months transitional transportation assistance; modify current JOBS participation exemption criteria; eliminate limitation on job search; assign participants involuntarily to subsidized work placements; apply full-family sanction for refusal to cooperate with work programs; subject unemployed parents to same work requirements as single recipients; and provide employer subsidies from AFDC plus the value of Food Stamps.	Received 12/2/94 Amendments Received 3/28/95	Met with State officials 1/27/95 to discuss initial issues. Analysis paper sent to Federal reviewers 4/17 and to State 5/4/95. ALSO SEE ADDENDUM

Last minute legis deal
D Lt Gov part of deal

Church, labor

Allen wants to meet w/ Secy

9-11 mos + M mgl - less pressure
FS - wage suppl

STATE	INITIATIVE	KEY DATES	COMMENTS
Washington OK	Statewide, would eliminate the 100-hour rule for AFDC-UP families; impose a 10 percent grant reduction for AFDC recipients who have received assistance for 48 out of 60 months, and impose an additional 10 percent grant reduction for every additional 12 months thereafter, and budget earnings against the original payment standard; and hold the food stamp benefit level constant for cases whose AFDC benefits are reduced due to length of stay on assistance.	Received 2/1/95	Draft terms and conditions sent to Federal reviewers 4/12 and to State 5/4/95. ALSO SEE ADDENDUM
West Virginia prob OK	Statewide, would require one parent in an unemployed AFDC-UP applicant or recipient case, with exceptions, to participate 38 hours per week in work and job search activities; sanction the entire family when an individual does not comply; deny Food Stamps to sanctioned families and deny Medicaid to sanctioned adults, except for pregnant women; and freeze the level of Food Stamps benefits for sanctioned families at the pre-sanction level.	Received 4/11/95	Analysis paper being developed.
Wisconsin OK	Statewide, would require applicant adults, as a condition of eligibility, to meet with a financial planning resource specialist prior to completing an application to examine alternatives to welfare; with some exceptions. If the applicant still wants to apply for assistance, as a condition of eligibility, individual must engage in at least 60 hours of JOB search activities during the 30 day application period. Would also limit JOBS exemptions.	Received 4/18/95	Analysis paper being developed.

STATE	INITIATIVE	KEY DATES	COMMENTS
Wisconsin	Statewide, adult recipients would be required to participate in JOBS up to 40 hours per week; for each hour of non-participation the AFDC grant will be reduced by the federal minimum wage rate; if the AFDC grant is fully exhausted then the remaining sanction will be taken against the Food Stamp (FS) allotment; FS allotments will not be adjusted to account for AFDC reductions resulting from not participating in JOBS activities; if hours of participation fall below 25% of assigned hours without good cause then no AFDC grant will be awarded and the FS amount will be $10. Would also limit JOBS exemptions.	Received 4/18/95	Analysis paper being developed.
RECEIVED (Inactive)			
California	Statewide, would amend Work Pays Demonstration Project by adding provisions to: reduce benefit levels by 10% (but retaining the need level); reduce benefits an additional 15% after 6 months on assistance for cases with an able-bodied adult; and time-limit assistance to able-bodied adults to 24 months.	Received 3/14/94	Met with State officials 3/10/94. Analysis paper sent to State 7/1/94. State was expected to submit modified request by end of September to reflect recently passed alternative welfare reform legislation. ALSO SEE ADDENDUM

expect: Texas
Ill
etc.
NY? - not sure if we will

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

19-May-1995 09:01am

TO: Jennifer N. Palmieri

FROM: Carol H. Rasco
Economic and Domestic Policy

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

SUBJECT: waiver meeting

At the 7:30 a.m. meeting today I was asked to work with you to have an in-house meeting set up to brief the participants on the current status and outlook on health and welfare waivers pending at HHS. If anyone asks about inviting HHS personnel please consult me as that is not appropriate to do in this particular meeting....I have just completed briefings by HHS on this and Diana will structure our meetings to convey that information.

To be included: Leon, Harold, Pat G., Alice Rivlin, Hale and/or Emerson, Bruce Reed, Jeremy Ben-Ami, Diana Fortuna and myself. Leon and Harold may have people they think should be added.

Diana will prepare a memo/chart to distribute a day in advance if possible.

As many waivers as there are I would suggest one hour being set aside and if we can get it done in shorter time we certainly will. Some of these however will probably generate a lot of discussion on the poltical side.

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

19-May-1995 11:11am

TO: Patricia E. Romani

FROM: Carol H. Rasco
Economic and Domestic Policy

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

SUBJECT: Wed., 5/24

12 noon
COS office
Waiver meeting
Diana Fortuna, Jeremy and Bruce of DPC will be invited. They will have the materials for me. Nothing further for us to do except set up 30 minutes sometime Tuesday for them to walk me through the meeting so that we can see if there is anything further to prepare.

Thanks.

EXECUTIVE OFFICE OF THE PRESIDENT

19-May-1995 08:53am

TO: Diana M. Fortuna

FROM: Carol H. Rasco
Economic and Domestic Policy

CC: Jeremy D. Benami

SUBJECT: RE: waivers and budget neutrality

I hear you and have no problem understanding what you are saying. I made my pitch at 7:30 a.m. meeting about waivers and Harold, Pat, Leon all very interested in attending a briefing but I know she will want to attend also.....Alice was out doing an interview. I am getting ready to do a note to Jennifer Palmieri to have her set it up in Leon's office. I will outline a guest list, we should let them set it and only they should add to list. If people ask you about it you can tell them Leon's office is setting it up. As you will note in the memo I send her, you will be responsible for substance of meeting. I would suggest you prepare a memo or chart that can go to Leon and others a day in advance if possible. I think they will be most interested in timelines and political hot spots/buttons.

I will use that meeting to stress and re-stress POTUS commitment to waivers.

Thanks.

THE WHITE HOUSE

WASHINGTON

APR - 3 1995

XC: Fortuna
orig: CHR inbox

March 30, 1995

MEMORANDUM FOR THE CHIEF OF STAFF

FROM: Rahm Emanuel R.E.
Bruce Reed B.R.

SUBJECT: Welfare Reform Strategy

This memorandum suggests a legislative and communications strategy for our welfare reform efforts in the Senate.

I. The Debate So Far

For the American people, welfare reform and the ability to achieve it have become a fundamental question of whether the political system or either party can reform government to reflect their basic values. More than any other issue this year, the debate over welfare reform will define the political character and credibility of both parties.

After the election, we set out to achieve two goals on this issue -- first, to regain the initiative by highlighting the President's record on waivers and child support enforcement and his commitment to real, bipartisan reform; and second, to seize the center and marginalize the House Republican plan by defining it as cruel to children.

We still have a long way to go before we can claim victory, but we have met our goals to this point. The Blair House meeting, the child support executive order, and the 25th waiver helped get the Administration back in the game, and the lines the President drew in the State of the Union, the NACO speech, and the radio addresses have defined the issue on our terms. We have a clear, winning message that puts the Republicans on the defensive: Welfare reform must be tough on work and responsibility, not tough on children.

Our task won't be any easier in the Senate, where the players are more moderate but the stakes are much higher. Dole has a tough choice to make. He will be under pressure from the conservative and gubernatorial wings of his party to send us a bill we don't like. On the other hand, he and his colleagues don't want to endure the beating their House counterparts took for being mean to children. Moreover, with the defeat of the balanced budget amendment and term limits, Republicans may now find that their interests coincide with ours: they need to produce a welfare reform bill to prove that they can deliver real change.

We have three main objectives for the Senate debate:

1. We must make work the test of real reform. Now that we have locked in child support in the House, we need to make work our central focus in the Senate. By staying away from the meanest House provisions -- cuts in school lunch, the denial of benefits to teen mothers and legal immigrants, etc. -- Senate Republicans will make it harder (though not impossible) for us to criticize their plan as tough on kids. We will have to focus on the other half of our argument, that welfare reform isn't real unless it moves people from welfare to work.

This is a more complicated case to make. We will need to explain why people need child care to get and stay off welfare, and why welfare reform cannot magically save heaps of money. But unlike entitlements versus block grants, this is a debate we can win with the public, which sees work -- far more than saving money or reducing illegitimacy -- as the whole purpose for welfare reform. Moreover, the press and responsible moderates in the Senate know we have the high ground on this issue. As Chafee said in a Finance hearing earlier this week, "Let's face it -- you can't just demand they get off welfare. What happens then?"

Work is also the Achilles' heel of pure block grants. A welfare block grant with no strings attached will not survive the criticism that it doesn't require anyone to go to work. A welfare block grant with tough strings but not enough money -- the more likely outcome -- can be attacked as phony reform that can't work and shifts enormous costs to the states. And as we saw in the House, "weak on work, tough on kids" is a powerful, damaging message.

2. Keep showing progress in ending welfare on our own. The best way to keep pressure on Republicans in Congress is to show that our fortunes are not tied to the legislative process. The President has a tool more powerful than a veto threat -- call it a waiver threat. Every waiver we grant shows that we're willing to end welfare with or without Congress, and that we don't have to wait on them to give states more flexibility or move people from welfare to work. Several important waivers will be pending in the next few months -- including a few such as Massachusetts that may be controversial but are crucial to this strategy. The press is beginning to credit these waivers as real reform, and we should give the President every chance we can to visit key states to grant waivers, or to tour welfare-to-work programs in states that have already received waivers from this administration.

The speech to the Florida legislature this week was one such opportunity. We are looking for other executive actions to show progress on welfare reform -- including another possible executive order or agency crackdown on child support.

3. Insist on bipartisanship. On an issue with such broad support among Americans in both parties, neither side wants to get caught on the extremes, either defending the status quo or punishing innocent children. We need to do everything we can to keep both sides from splintering and leaving us stuck in the center with nothing to sign.

As we saw in the House, a narrow partisan majority is bound to produce a bad bill -- worse, perhaps, than many Republicans intended. After the House debate, we called for more bipartisanship and less political rancor, and Gingrich's conciliatory response suggests that the Republicans recognize that they will have to come our way. We need to encourage that by continuing to take the high road, appealing to reasonable Republican moderates, urging Democratic Senators and governors not to walk away from the table, and insisting that the American people want us to work together and get this done.

II. Communications Strategy

The President's actions and speeches over the last three months have finally given the Administration a profile on welfare reform. We are winning the communications battle on an issue that should have been a cake walk for the Republicans. However, we can hardly rest on our laurels. Welfare reform is still a Republican issue, and we still do not have the votes. We need to maintain the initiative and hold onto the center by continuing to strike this tone of bipartisanship and progress.

What follows are proposed communications events for the President, Secretary Shalala, and Governors, that will enable us to focus on the above priorities.

* FLORIDA SPEECH - This week the President showed that we are not just calling for an end to welfare as we know it, we can point to working mothers who prove that we are ending welfare as we know it. Waivers must become the validation of our progress and our insurance policy if welfare reform legislation does not pass. We should tout every success story we can find in key states that have received waivers - Colorado, Oregon, Ohio, etc. Focusing on waivers not only substantiates the credibility of our efforts, but it draws attention to work as the central component of our welfare reform.

* UPCOMING WAIVERS - Missouri and Delaware have both submitted applications for waivers to HHS and are nearing approval. Both states have Democratic Governors who attended the Blair House Summit. We have submitted a scheduling proposal for the President to go to Missouri on his Midwest Swing on April 26. This is where the President originally announced his welfare reform package last June. The President would visit a worksite and announce the 26th waiver and reiterate the themes of progress and work.

We could announce the Delaware waiver at the Saturday Radio Address on April 29. The President would use this as a pivot to give a bigger message on welfare reform and the importance of work as the Senate gears up for this debate. Gov. Carper, who is the lead governor on welfare reform for the DGA, would attend the radio address. Following the radio address Gov. Carper would brief reporters in the briefing room to validate the President's accomplishments on welfare reform, discuss his waiver, and warn what the House approach would do to block Delaware's welfare reform efforts. (Roth is a key swing vote.)

Assuming that the Senate debate continues for another two months, the other waivers that we will be able to announce include: Arizona, Montana, Massachusetts, New York, and possibly Virginia. These need to be timed in coordination with the Senate debate and they will become the drumbeat of our message on the significance of work. The Massachusetts waiver will be controversial, with the toughest work requirements so far, but it passed a Democratic legislature with overwhelming support, and the President has reportedly told Gov. Weld that we would not stand in their way. Assuming this waiver is approved, the President should travel to Boston to grant it.

* LICENSE REVOCATION - Attached you will find a memo outlining a Presidential directive which would order a 60 day review of the federal professional licenses and a revocation process. The goal is to determine how best to deny federal licenses to deadbeat parents.

  This would allow us to keep the issue alive for 60 days during the Senate debate and show that we are committed to the notion of cracking down on child support.

  Time Magazine, the weekend nightly news, and the New York Times have all done stories giving us credit for addressing this issue. To keep this issue in the news, we can announce that the report is underway. At the end of the 60 days we would announce which agencies and licenses will be part of a new system of federal license revocation.

* CHILD SUPPORT COLLECTIONS - The Justice Department has a number of cases pending on child support collection. DOJ and HHS will soon be able to announce another 50 cases cracking down on dead beat parents. The announcement could be with the President or just Secretary Shalala and the Attorney General. The message would be that in conjunction with the President's desire to crackdown on deadbeat parents, we are now taking another 50 cases to court.

* REGIONAL COLUMNISTS - A number of reporters from key regional papers write on welfare reform. We should bring them in to meet with the President to discuss welfare reform, in the same way we did with the national columnists. Specifically, we should invite columnists from the St. Louis Post-Dispatch (Bond), the Boston Globe, Portland Oregonian (Packwood), Wilmington News-Journal (Roth), Providence Journal (Chafee), Salt Lake City Tribune (Hatch), Cleveland Plain Dealer, Columbus Dispatch (Voinovich), Denver Post (Brown), and other key targets.

* CONGRESSIONAL LUNCHEON - The President should have a luncheon with Senator Packwood and Oregon CEO's who participate in their private sector welfare to work program; Senator Moynihan and representatives from America Works, a well-respected work program in New York; and Senators Breaux and Brown, who have co-sponsored a bill to provide job placement vouchers for welfare recipients, to discuss work and welfare.

  There are two communications options for this meeting:
  (1) The President could make an announcement to a pool spray where he articulates our message for this event -- that he will be meeting with people involved in real welfare reform, who help people earn a paycheck rather than a welfare check, to discuss how best to promote work in welfare reform legislation.

  (2) This could be a private lunch, which we give as a feature to only one reporter with all the anecdotes, so that it becomes a story for all the media to chase.

* MARYLAND WORKSITE - The President should travel with Rep. Connie Morella (who voted for the Deal Bill and against the House Republican plan) and Sen. Barbara Mikulski to a Maryland site where welfare people are working. This event would show bipartisan support for real welfare reform that promotes work, and could be coupled with some kind of announcement on what he expects from a welfare bill.

* WALL STREET JOURNAL LETTER WRITING STORY - Mike Frisby is doing a story on the President's correspondence. One of the central figures is a former welfare recipient who wrote the President about her own success in getting off welfare and about a manual she wrote on how to move from welfare to work. We gave Frisby a copy of the manual as well as a copy of her grades which she sent in to the President. This is part of a larger story on how people

stay in touch with this President, but this woman is certain to be brought up in the piece. We could follow up the story by inviting her to the White House and sending a copy of her manual to the Hill.

* COLORADO - When the President is in Colorado for the Air Force Academy commencement speech on May 31, he could visit one of the worksites that have been established under Colorado's welfare waiver. This waiver was signed long ago and has been very successful. The President could visit one of the sites with Governor Romer (perhaps the most important player in trying to broker a bipartisan agreement from NGA) and Senator Hank Brown, (who worked with the President on the Family Support Act of 1988 and is a potential ally in the Senate).

* SECRETARY SHALALA - Secretary Shalala's communication during the House debate focused on hitting the weak part of the GOP proposal, which allowed the President to focus on the national interest in welfare reform. We want her to continue this role in the Senate debate, ie.)through her testimony, regional meetings, etc.

  Secretary Shalala will be submitting an op-ed to the Washington Post which focuses on what was wrong with the House Bill and what real welfare reform should be. We are working on the first draft now, but the op-ed will be submitted this week. It will be the first signal in trying to focus the Senate debate on work.

* EASTER RECESS - Over the Senate recess, we want print stories to appear in local papers on the cost of the House welfare reform bill to each state and how the GOP proposal is cruel to children. We will bring in individual reporters from states, with key Senate targets to write about welfare reform during the Easter recess.

* DISTRICT MAILINGS - We are planning to send out mailings in each district on the basic pieces of welfare reform.

* FOOD STAMP EBT CARD - The Vice President should be responsible for promoting the food stamp card that prevents fraud and abuse. We have test projects going on in six states where the card is working. We are working with the Vice President to have him promote this card during the Senate recess so that it is part of our crack down on fraud and abuse.

III. Legislative Strategy

Contrary to dire press accounts earlier this week, the Senate is still very much up for grabs. In general, Senate Republicans are leaning strongly toward block grants, but it remains to be seen where the moderate Republicans will come down, and how much say the Democrats will have in the outcome.

Republicans on the Finance Committee have already made clear that they want no part of the nastiest provisions in the House bill. Dole and Hatch have denounced the cutoff of unwed teen mothers (and Shaw has said he would yield in conference). Dole and Simpson have cast doubt on the denial of benefits to all legal immigrants, with deeming to citizenship (as in the Deal bill) more likely. The Senate also seems unlikely to include the illegitimacy bonus or a mandatory family cap, unless Gramm can add it on the floor.

But most of the major questions are up in the air. Republicans have not decided how soon they will take this up, whether it will be a stand-alone bill or become part of reconciliation, and how broad the scope of welfare reform should be (whether to include food stamps, child welfare, and other programs, or just block grant child care and AFDC). Pivotal moderates on the Finance Committee (Roth, Chafee, Hatch, and Simpson for the Republicans, Baucus, Breaux, Conrad, and Graham for the Democrats) have not spelled out what they would be willing to accept. Moynihan and Daschle have not decided whether to push a Democratic bill. Over the past week, we have been trying to gather the best intelligence on these questions so we can address each in turn. In addition, part of our meeting next week with Senate Democrats should be to provide a legislative strategy focused on work.

1. **Timing:** No action is expected in the Finance Committee until at least May and possibly later. We heard some reports that Packwood might speed things up after last week's meeting with Thompson and Engler, but his staff says they won't have a bill ready till June.

2. **Reconciliation:** Dole said this week that welfare might be included in reconciliation, which would make it easier for Republicans to proceed without Democratic support. Domenici says no decision has been made. The reconciliation route has many advantages for them -- they need the money to meet their deficit targets, and they could avoid a Democratic filibuster. But some aspects of welfare reform (such as child support enforcement) would run into Byrd rule problems, and if they want to make welfare reform one of their central achievements, they should know better than to bury it in reconciliation -- just look at what happened to us with the EITC. Alternatively, they could pass a stand-alone welfare reform bill and count the savings when they get to reconciliation.

Welfare reform will be better off for all concerned if it is addressed on its own, rather than rammed through on a partisan vote as part of reconciliation. This is another reason we need to resist any statements on our side that might embolden Dole to go that route, and use every opportunity we can to call for bipartisanship. If Republicans head down the road toward reconciliation, we need to be able to claim the bipartisan high ground, so they know they will pay a high political price for going it alone.

3. Moderate Republicans: Several thoughtful Republicans on Finance are still trying to calibrate their positions on welfare reform. Chafee said yesterday that the House Republican bill "lost sight of what our goals are in welfare reform" by focusing "entirely on how to save money and give states maximum flexibility." He told the committee, "It is very important that we not allow ourselves to be carried away in that manner." Other members have their own concerns. Even Packwood's views do not appear to be set in stone. All he has said is that he favors block grants, likes Oregon's waiver, and opposes conservative strings.

We will be meeting with key members and their staffs in the coming weeks to make sure they understand the consequences of the House bill and the state impacts of block grants. We will also make sure that the major newspapers and prominent state and local officials in important states are fully briefed on state and local impacts. We will take the same approach with moderate Democrats.

4. Scope: Conventional wisdom is that Senate Republicans will stay away from block granting nutrition programs and perhaps child welfare, but focus on AFDC, child care, and SSI. Lugar and Packwood said this week that they might be interested in block granting food stamps, but others are likely to resist that idea as happened in the House. The Senate will almost certainly stay away from school lunch. The scope of the bill may be determined by the deficit targets Domenici sets in these areas.

5. Alternatives: Daschle has convened a welfare reform task force, but members have held off from developing a Democratic alternative in hopes that some bipartisan negotiations could begin. Most Democrats will defer to Moynihan, who has not decided whether to draft his own bill. Earlier this week, there was a flurry of concern that Moynihan might be seeking a veto threat over the entitlement issue, but that now appears not to be the case. Democrats continue to be interested in doing everything possible to keep the door open to bipartisan compromise, while reserving the right to develop a Democratic alternative if it becomes necessary down the road. Such an alternative might end up looking like the Deal bill -- or something else altogether, if Moynihan presses for a more modest approach.

If a bipartisan, center-out bill is going to emerge, it will come from negotiations either between Packwood and Moynihan, or between moderates like Breaux and Chafee. Breaux already co-sponsors the PPI job placement voucher bill with Hank Brown, and might be able to build a bipartisan compromise around that. As in the House, our role will be to try to educate members in both parties, and provide legislative support to members who want to draft their own alternatives.

Half the Nation Enacting Welfare Reform Under the Clinton Administration

The Clinton Administration has approved 26 demonstrations in 25 states, launching welfare reform for thousands of families in half of the states, more than the two previous Administrations combined. In an average month, the welfare demonstrations cover approximately 6 million people, representing 42 percent of all recipients. All of the waivers which we have granted build on many of the central principles of President Clinton's vision for welfare reform, including:

PRINCIPLE	DESCRIPTION	STATES APPROVED
Work	*Fifteen states* are helping people move from welfare to work, from receiving welfare checks to earning paychecks, by increasing education and training opportunities and creating public/private sector partnerships.	*15* - Connecticut, Florida, Georgia, Hawaii, Indiana, Michigan, Mississippi, Nebraska, Ohio, Oregon, South Carolina, South Dakota, Vermont, Wisconsin, Wyoming
Time Limited Cash Assistance	*Eleven states* are making welfare a transitional support system, rather than a way of life, by providing opportunity, but demanding responsibility in return.	*11* - Colorado, Connecticut, Florida, Indiana, Iowa, Michigan, Nebraska, South Carolina, South Dakota, Vermont, Wisconsin
Child Support Enforcement	*Ten states* are strengthening child support enforcement and sending a clear message that both parents must be responsible for their children.	*10* - Connecticut, Indiana, Michigan, Mississippi, New York, Ohio, Oregon, Vermont, Virginia, Wisconsin
Making Work Pay	*Twenty states* are providing incentives and encouraging families to work not stay on welfare, so they can achieve and maintain economic self-sufficiency.	*20* - California, Colorado, Connecticut, Florida, Illinois, Indiana, Iowa, Michigan, Mississippi, Nebraska, New York, Ohio, Oregon, Pennsylvania, South Carolina, South Dakota, Vermont, Virginia, Wisconsin, Wyoming
Parental Responsibility	*Nineteen states* are promoting parental responsibility by encouraging education, or limiting benefits for families who have another child while on AFDC.	*19* - Arkansas, California, Colorado, Connecticut, Florida, Georgia, Illinois, Indiana, Mississippi, Nebraska, New York, Ohio, Oklahoma, Pennsylvania, South Carolina, Vermont, Virginia, Wisconsin, Wyoming