

AGENDA FOR WELFARE REFORM  
MEETING WITH THE PRESIDENT  
FRIDAY, JUNE 18, 1993

- \* OPENING REMARKS/STATUS REPORT CAROL RASCO
  - 0 Announcement of the welfare reform working group was last Friday but work on the project is well under way.
  - 0 4 inter-agency working group meetings have taken place to date and meetings are scheduled through mid-July.
  - 0 Ten issue groups have been established and are in the process of developing options outlines and background papers.
  - 0 NGA has expanded their "gang of 10" to include representatives from the Counties and Cities.
  - 0 Bruce and Kathi have been working with communications and public liaison to establish a timeline and an outreach plan.
  
- \* TIMING AND OUTREACH TO THE HILL, STATES, AND ADVOCATES BRUCE REED
  
- \* RESULTS OF DEMONSTRATIONS UNDERWAY JUDY GUERON
  
- \* ENDING WELFARE AS WE KNOW IT VS. REFORMING THE CURRENT SYSTEM DAVID ELLWOOD
  
- \* TIME-LIMITED WELFARE MARY JO BANE
  
- \* CHILD SUPPORT ENFORCEMENT, ASSURANCE AND/OR REFUNDABLE CHILDREN'S TAX CREDIT DAVID ELLWOOD/  
BRUCE REED

We all understand -  
must have some of us  
to get to  
start over

**THE WHITE HOUSE****Office of the Press Secretary****For Immediate Release****June 11, 1993****Statement of the Press Secretary**

The Domestic Policy Council, chaired by President Clinton, has formed a Working Group on Welfare Reform, Family Support and Independence, charged with developing a plan to fulfill the President's commitment to end welfare as we know it.

The Working Group -- consisting of representatives from over a dozen agencies and departments involved in the task of reforming the country's welfare system -- will spend the summer and fall developing a detailed proposal to make work pay, dramatically improve child support enforcement, expand basic education and job training, and create a time-limited transitional system under which people who can work will go to work.

It will be chaired by Bruce Reed, Deputy Assistant to the President for Domestic Policy; David Ellwood, Assistant Secretary of Health and Human Services for Planning and Evaluation; and the Assistant Secretary of Health and Human Services for Children and Families, after a nominee for that position is confirmed by the Senate.

The Working Group will work closely on a bipartisan basis with Congress, as well as with governors, state and local officials, and others with an interest in welfare reform. To increase public participation, it will conduct hearings, visit model programs around the country, publish working papers, and establish a center for public information and suggestions.

# # #

## **Working Group on Welfare Reform, Family Support and Independence**

### **Chairs**

**Bruce Reed** *Deputy Assistant to the President for Domestic Policy*

**David Ellwood** *Assistant Secretary for Planning and Evaluation, Department of Health and Human Services*

*Assistant Secretary for the Administration for Children and Families,  
Department of Health and Human Services*

### **Members**

**Ken Apfel** *Assistant Secretary for Management and Budget, Health and Human Services*

**Walter Broadnax** *Deputy Secretary, Department of Health and Human Services*

**Robert Carver** *Deputy Assistant Secretary for Returns Processing, Treasury Department*

**Maurice Foley** *Office of Tax Policy, Treasury Department*

**Thomas Glynn** *Deputy Secretary, Department of Labor*

**Ellen Haas** *Assistant Secretary for Food and Consumer Services, Department of Agriculture*

**Elaine Kamarck** *Office of the Vice President*

**Madeleine Kunin** *Deputy Secretary, Department of Education*

**Alicia Munnell** *Assistant Secretary for Economic Policy, Treasury Department*

**Larry Parks** *Senior Advisor to the Secretary, Department of Commerce*

**Wendell Primus** *Deputy Assistant Secretary for Human Services Policy, Department of Health and Human Services*

**Julie Samuels** *Director, Office of Policy and Management Analysts, Department of Justice*

**Isabel Sawhill** *Associate Director for Human Resources, Office of Management and Budget*

**Eli Segal** *Assistant to the President for National Service*

**Eugene Sperling** *Deputy Assistant to the President for Economic Policy*

**Michael Stegman** *Assistant Secretary for Policy Development and Research, Department of Housing and Urban Development*

**Joseph Stiglitz** *Council of Economic Advisors*

**Fernando Torres-Gil** *Assistant Secretary for Aging, Department of Health and Human Services*

**Jeff Watson** *Deputy Assistant to the President for Intergovernmental Affairs*

**Kathi Way** *Special Assistant to the President for Domestic Policy*

*Surgeon General*

*Assistant Secretary for Intergovernmental and Interagency Affairs, Department of Education*

*Assistant Attorney General for Policy Development, Department of Justice*

*Assistant Secretary, Employment and Training Administration, Department of Labor*

THE WHITE HOUSE

WASHINGTON

June 17, 1993

Meeting on Welfare Reform Policy

DATE: June 18, 1993

LOCATION: Cabinet Room

TIME: 3:30 p.m. to 4:45 p.m.

FROM: Carol H. Rasco

I. PURPOSE

You will be meeting with key individuals involved with the welfare reform effort within the White House and major agencies: HHS, OMB, Labor. Judith Gueron of Manpower Demonstration Research Corporation (MDRC) has also been invited to participate because of her research and work with the states over the years. The purpose of the meeting is for you to have an informal "brainstorming" session with key persons leading the policy development in these early days of the project.

II. BACKGROUND

You have previously stated that welfare reform is one of your five major goals for the first years of your administration. For a major initiative like this, I believe it is important for you to invest time early in the policy formation period to share your ideas and learn directly about the process and initial policy direction from the leadership of the project.

III. PARTICIPANTS

Vice President  
Secretary Reich  
Judith Gueron, MDRC  
Bruce Reed, DPC White House  
Kathi Way, DPC, White House  
Mary Jo Bane, HHS  
David Ellwood, HHS  
Elaine Kamarck, Office of the Vice President  
Alice Rivling, OMB  
Belle Sawhill, OMB  
Alexis Herman, Public Liaison, White House  
Doug Ross, Labor

IV. PRESS PLAN

Closed

V. SEQUENCE OF EVENTS

Agenda attached along with a memo for you which has been distributed to all meeting participants.

You are free to take the role of presiding or as a participant with me more or less presiding.

VI. REMARKS

No prepared remarks.

Attachments: Agenda  
Memorandum on Preliminary Issues for Welfare Reform

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MEETING WITH THE PRESIDENT  
FRIDAY, JUNE 19, 1993

- |  |                             |
|--|-----------------------------|
| * OPENING REMARKS/STATUS REPORT  | CAROL RASCO                 |
| * TIMING AND INTERFACE WITH THE HILL,<br>STATES, AND ADVOCATES                       | BRUCE REED                  |
| * RESULTS OF DEMONSTRATIONS UNDERWAY   | JUDY GUERON                 |
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| * TIME LIMITED WELFARE   | MARY JO BANE                |
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THE WHITE HOUSE

WASHINGTON

June 16, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: Bruce Reed  
Kathi Way  
Mary Jo Bane  
David Ellwood

THROUGH: Carol Rasco

SUBJECT: Preliminary Issues for Welfare Reform

Last week, we officially announced a welfare reform working group made up of officials from the White House and the agencies. We have met with key members of Congress in both parties, and are working with an advisory group of governors and other state officials on recommendations that they will present to you at the NGA meeting in mid-August. In the meantime, we will begin a series of public hearings and site visits to promising welfare reform programs around the country.

Our goal is to have a welfare reform plan ready by the fall, for introduction late this year or next January, as the centerpiece of your 1994 State of the Union address. If you would like to move more quickly, please let us know.

We intend to build the welfare reform plan around the themes you set forth in the campaign:

- \* Making Work Pay, through an expanded EITC and health reform.
- \* Dramatically Improving Child Support Enforcement, by increasing paternity establishment at birth, improving the collection system, requiring absent parents to take responsibility for their children, and perhaps testing some form of child support insurance.
- \* Better Education, Training, and Support, by building on the JOBS program to ensure that people have access to the tools they need to escape welfare, and begin to integrate welfare mothers into the larger system of education and training.



\* Transitional Time-Limited Welfare and Work, by replacing the current system with one that enables and requires people who can work to go to work.

We have set up 10 working groups to address the major components of a welfare reform plan: 1) Making Work Pay; 2) Child Care; 3) Child Support; 4) Absent Parents; 5) Post-Transitional Work; 6) Transitional Support; 7) Private Sector Job Development; 8) Program Simplification; 9) Prevention/Family Formation; and 10) Modeling.

As we proceed with this project, we would like your general thoughts on how to go about ending welfare as we know it. To begin with, we would like to take up a few pivotal issues:

\* How bold? Should we reform welfare or replace it?

\* What should time-limited welfare look like? Who should be required to work, what should be done to sanction those who refuse to work, and how quickly should we phase in these reforms?

\* What else can we do to promote work, family, and personal responsibility? How far can we go in toughening child support enforcement? Should we consider other measures to help families with children, such as child support insurance and/or a children's tax credit?

## **ISSUE #1: REFORMING WELFARE VERSUS REPLACING WELFARE**

In the campaign, you called for an "end to welfare as we know it," and most of our work so far assumes that our goal is to find a genuine alternative to welfare. We are looking for ways to enable people to support themselves outside the AFDC system, through work instead of welfare, and we are more interested in moving people off welfare as quickly as possible than in simply encouraging them to work for their welfare. Both of these goals require much more than tinkering with the current system -- and consequently go much further than most state welfare reform efforts, either in implementation of the JOBS program or in waiver requests for state demonstrations.

State self-sufficiency-oriented welfare reforms tend to focus on improving the JOBS program and providing work incentives within the welfare system, in the form of higher earnings disregards and lower benefit reduction rates. Even the most dramatic state demonstration proposals are not oriented to getting people off welfare quickly and helping them make it outside the welfare system when they work. The Bush Administration followed a policy of welfare reform through state waivers, which many state officials would like to see as the centerpiece of this Administration's approach to welfare reform. We believe that state flexibility and experimentation are critical, but we do not believe that leaving reform entirely

to the states will end welfare as we know it. The states are in no position, legally or financially, to envision genuine alternatives to the current system.

We are operating on the assumption that our goal is to genuinely transform the welfare system while preserving a high level of state flexibility. More modest reforms are possible -- expanding and enriching the JOBS program, or relying on state-generated reform approaches -- and would do a good deal to improve the current system. But we believe we have an obligation and an opportunity to be much bolder, to fashion an approach that moves people quickly off welfare and helps them stay off -- or better yet, helps keep them from going on welfare in the first place. The best kind of time-limited welfare is a system where no one stays on the rolls long enough to hit the limit.

## **ISSUE #2: STRUCTURING TIME-LIMITED WELFARE AND WORK**

The principle of time-limited welfare, of ensuring that welfare does not last forever, resonates positively not only with voters but with welfare clients. If supports for work are in place, if we have dramatically improved child support, if we have improved education and training and job placement, then it seems unassailably reasonable to insist that after a time certain, traditional welfare must end and some sort of work must begin. There is real dignity in work, and much real work to be done: public libraries are closing because communities cannot afford staffs, there is an enormous shortage of child care workers, and the non-profit sector is booming, just to name a few.

But significant questions arise: How many people can reasonably be expected to work? Who should pay them, and what should they do? And how can we mount such a massive job effort without creating a make-work nightmare like CETA?

The size of the welfare population alone suggests that a time limit should only be applied to a portion of the caseload, at least at first. Up to 3 million recipients have been on welfare for 2 years or longer. Requiring even half of them to work could require the creation of 1.5 million jobs -- and if those were community service jobs, the program would be several times the projected size of national service.

Cost and capacity are critical issues. For example, we would like to see a system of 100 percent participation in work, education or training. The JOBS program currently spends about \$800 million nationwide, and enrolls about 7 percent of recipients -- and even the best states only serve about 15 percent. No state now requires work of more than a small proportion of clients. Requiring people to work or even simply participate will increase costs not only for the programs themselves, but also for day care, transportation, etc.

A new system could be phased in, either by state or by cohort of welfare recipients. That would lower the initial cost and enable us to see what works. The challenge will be

how to control costs while at the same time being bold enough to meet our commitment to real change.

A second important issue in designing time limits is the consequences of non-compliance. A system of required participation and work will only be seen as a genuine end to welfare as we know it if it has serious penalties for non-participation. But current practice allows strong due process concerns, penalties affecting adults only, and extremely low sanction rates of any sort.

The best way around this dilemma is to design a system that involves serious and unavoidable consequences for non-participation, but at the same time provides people enough opportunity that life is possible and desirable off welfare. The easier it is for people to support themselves through work instead of welfare, the fewer people will reach any time limit, the fewer public jobs will be created, and the less important sanctions will be. In the end, finding the right balance between opportunity and responsibility will determine whether or not a welfare reform plan can obtain the political support and the moral legitimacy to survive.

### **ISSUE #3: CHILD SUPPORT**

If we are going to ask more of welfare mothers, we must ask more of absent fathers as well. The current child support enforcement system is so porous that less than a third of absent fathers' potential obligation is actually collected. A dramatically improved system would bring essential support to many single parents, and send a clear message that those who bring children into the world have a responsibility to raise them.

We are looking at every possible means to toughen child support enforcement and demand personal responsibility. These measures might include: universal paternity establishment in hospitals; mandatory wage withholding administered by the states; denying deadbeat parents access to universal health care; making it harder for deadbeats to obtain credit cards, driver's licenses, or professional licenses; requiring custodial parents to establish paternity or lose the right to take a personal tax exemption for their children; and various other efforts to demand responsibility and increase collection.

We will also examine other, more sweeping means of making it easier for parents to raise children. One controversial option, known as child support assurance or insurance, would seek to improve child support enforcement and provide some protection to single parents by providing a government-guaranteed minimum child support payment (say \$2,000 or \$3,000), even when collections from the absent father fall below the minimum. Minimum child support payments would only be provided to custodial parents with an award in place. Any insured child support benefits would be counted as income for welfare purposes, and welfare benefits would be reduced dollar for dollar. A woman on welfare would be no better off, but if she went to work, she could keep her guaranteed child support.

Proponents of this idea argue that it will make it much easier to leave welfare for work, increase incentives for mothers to get awards in place, and legitimize a genuinely time-limited welfare system. Critics fear that it will let absent fathers off the hook, encourage the formation of single-parent families, and simply provide welfare by another name, without increasing child support collection.

Another option to ease the financial burden of raising children would be to provide some kind of children's allowance or children's tax credit. To hold down costs, such a credit might be limited to young children in working families with incomes under \$40,000. The tax credit could be further limited to families where paternity has been established, and capped at a maximum of two children under 6 at any time.

The advantage of a children's allowance is that it recognizes that raising children is a burden for all working families, with two parents or one. Like the EITC, it would provide an additional incentive to work, and it would also give working and middle-class families some much needed tax relief. The disadvantage is that like any tax cut, it will cost money. Joe Lieberman has proposed a credit of \$1,000 per young child that would cost \$9 billion a year; the more carefully targeted version described above would cost significantly less.

In any case, a major part of our effort will be to look at ways to reduce the formation of single-parent families. Over the last decade, the number of children born to unmarried mothers has grown dramatically, even though the divorce rate has leveled off. Paternity establishment is improving, but unwed births are increasing twice as fast. Keeping people off welfare in the first place is the best system of all.

THE WHITE HOUSE

WASHINGTON

June 17, 1993

MEMORANDUM FOR DISTRIBUTION

FROM: *CHR* Carol H. Rasco, Assistant to the President for  
Domestic Policy

SUBJECT: Friday, June 18

Accompanying this memo are materials for your review prior to our informal meeting with President Clinton on Friday, June 18 at 3:30 p.m. Please note that the meeting will now be held in the Cabinet Room. I look forward to seeing each of you on Friday.


Thank you.

DISTRIBUTION LIST

Vice President  
Secretary Shalala  
Secretary Reich  
Judith Gueron, MDRC  
Bruce Reed, DPC, White House  
Kathi Way, DPC, White House  
Mary Jo Bane, HHS  
David Ellwood, HHS  
Elaine Kamarck, Office of the Vice President  
Alice Rivlin, OMB  
Belle Sawhill, OMB  
Alexis Herman, Public Liaison, White House  
Doug Ross, Labor

THE WHITE HOUSE

WASHINGTON

TO: Distribution List (attached)  
FROM: Carol H. Rasco   
SUBJ: Welfare Reform meeting  
DATE: June 9, 1993

On Friday, June 18 from 3:30 p.m. to 5 p.m. President Clinton will hold a meeting in the Roosevelt Room of the West Wing to discuss welfare reform policy. You are invited to attend the meeting.

I have asked Bruce Reed and Kathi Way of the Domestic Policy Council staff to prepare in coordination with HHS a briefing paper on the policy issues to be discussed with the President. We will distribute the paper to all participants no later than the close of business Wednesday, June 16.

The purpose of this meeting is to have a preliminary discussion with the President on POLICY, not strategy per se although certainly I realize one cannot completely separate the two. I should also add that I do not necessarily see us trying to reach firm conclusions or consensus. Perhaps this meeting with the President is best characterized as a "brainstorming" session which is to be based on the preliminary work of the working group. Because it is to be informal and not a decision making meeting, I have been asked by the President to keep the group small and therefore, ask that you not request additional names be added to the guest list.

If you have questions about the meeting, please do not hesitate to call me. I would also ask that you confirm your attendance to Rosalyn Kelly at 456-2216.

Thank you.

DISTRIBUTION LIST

Vice President ✓

Secretary Shalala ✓

Judith Gueron, MDRC ✓

Bruce Reed, DPC, White House

Kathi Way, DPC, White House

Mary Jo Bane, HHS ✓

David Ellwood, HHS ✓

Elaine Kamarck, Office of the Vice President ✓

Belle Sawhill, OMB ✓

Alexis Herman, Public Liaison, White House ✓

Doug Ross, Labor ✓

Sec.  
Reich

Mico  
Rutkin,  
OMB

TO: Roy Neel  
FROM: Carol H. Rasco  
SUBJ: Meeting on Welfare Reform  
DATE: June 9, 1993

Please see the attached materials. Outside the individuals within the White House listed on the Distribution List, I am unsure whom else I should invite from other departments within the White House. Could you please advise me if anyone else should be invited from the White House?



SCHEDULE PROPOSAL

Date: 6/1/93

ACCEPT

REGRET

PENDING

*June 4 pm*

TO: Marcia L. Hale  
 Assistant to the President and Director of Scheduling and Advance **43**

FROM: *CHRS* Carol H. Rasco, Assistant to President for Domestic Policy

REQUEST: Brainstorming meeting on welfare reform

PURPOSE: The President has recently suggested that I put together a meeting for him to visit with the chief architects of the welfare reform proposal in an informal meeting prior to the work progressing too far on the proposal.

BACKGROUND: The President has not met with any of the key staff outside myself on this topic. It is one of the five program priorities he has set for this first year of the administration.

PREVIOUS PARTICIPATION: None

DATE AND TIME: OPEN but hopefully before leaving for Japan in July. It will come a bit late to wait until after then.

DURATION: 1 1/2 to 2 hours. (It is my sense the President will become quite engaged in this meeting.)

LOCATION: Roosevelt Room

PARTICIPANTS: Attached list and staff of suggested participants

OUTLINE OF EVENTS: Discussion based on a brief paper that would be submitted to the President in advance.

REMARKS REQUIRED: Bruce Reed and Kathi Way of the DPC staff will prepare the brief paper in conjunction with appropriate HHS staff.

MEDIA: NONE

FIRST LADY'S ATTENDANCE: No

VICE PRESIDENT'S ATTENDANCE: If he wishes

SECOND LADY'S ATTENDANCE: No

RECOMMENDED BY: Carol H. Rasco

CONTACT: Carol H. Rasco - x2216

Suggested list of participants for the proposed meeting on  
Welfare Reform:

President

Vice President

Carol Rasco

Bruce Reed, DPC

Kathi Way, DPC

Secretary Shalala

Mary Jo Bane, HHS

David Ellwood, HHS

Judith Gueron, President of MDRC, a firm that has done extensive  
research on welfare reform efforts; the President knows her.

Elaine Kamark, VP office (VP's liaison to the working group)

I feel strongly the meeting should remain this small. This  
meeting is proposed for talking about policy, not strategy of any  
type.