

**NLWJC - Kagan**

**DPC - Box 066 - Folder-002**

**Welfare-Welfare to Work  
Legislation [2]**

# Withdrawal/Redaction Sheet

## Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	Phone No. (Partial) (1 page)	07/25/1997	P6/b(6)

### COLLECTION:

Clinton Presidential Records  
Domestic Policy Council  
Elena Kagan  
OA/Box Number: 14373

### FOLDER TITLE:

Welfare - Welfare to Work Legislation [2]

2009-1006-F

kc132

### RESTRICTION CODES

#### Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
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- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

#### Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

*Wp - Wp - to - work legislation***RECOMMENDED CHANGES IN WELFARE TO WORK PROVISIONS (H.R. 2015)**

(New language shown in bold italics and underlined)

1. Allowable activities

Modify section 403(a)(5)(C)(i) of the House Staff Discussion Draft of June 24, 1997 by adding at page 17, after line 25, the following:

**"A service strategy shall be developed for each recipient participating in activities under this paragraph that is designed to ensure that the program will enable the recipient to move promptly into unsubsidized employment.**

2. Additional State Plan Provision

In House Staff Discussion Draft of June 24, 1997:

Page 4, on line 12, strike "and"; and between lines 12 and 13, insert the following new subclause (and redesignate the succeeding subparagraph accordingly):

**"(dd) set forth performance goals for transitioning recipients participating in activities funded under this paragraph into unsubsidized employment lasting not less than 9 months; and**

## MECHANISMS FOR IMPROVED TARGETING OF WELFARE TO WORK FUNDS TO HIGH POVERTY CITIES

### Private Industry Councils

- o Use of the local PIC delivery system assures local elected officials of significant authority over welfare to work funds.

### Federal-to-State Formula

- o Drop the "unemployment" factor from the formula to states so that slightly more funds are allocated to California and New York; hence slightly more to high poverty cities (see attached). *in House after*
- o Reduce the Senate's "small state minimum" of 0.5% to the JTPA level of 0.25%, thus shifting a total of (less than) 4% of formula funds to more populous states and, hence, cities.

### Formula/Competitive Split

- o The greater the share that is competitive, the more leverage there will be for innovation, new job creation, and set aside for high poverty cities.
- \* o Retain the House's competitive set aside of 65% for high poverty cities and 25% for rural areas.
- o Accept Senate's provision for eligibility of CAPs, CDCs, and nonprofits for the remaining 10% of competitive funds (and for Governor's 15% set aside?).

### Within-State Formula

- \* o The proposed House formula, when applied to California, would allocate about 62% of the State's funds to its 13 high poverty cities/counties (see attached).
- o Raise the "excess poverty" threshold from 5% to 7.5% (one-half the national poverty rate), shifting funds from low poverty suburbs to high poverty cities and rural areas.
  - For example, Montgomery, Howard and Baltimore counties in Maryland would lose funding to Baltimore city's advantage with this change.
- o Raise the threshold below which no funds would be allocated to an area from \$100,000 to \$200,000; hence shifting funds away from the smallest jurisdictions.

## House-Passed Substate Formula Based on Poverty in Excess of 5% of Population

WELFARE-TO-WORK FUNDS FOR CITIES IN LARGE URBAN COUNTIES IN CALIFORNIA  
in thousands of dollars

Los Angeles City/County	61133
San Francisco City/County	2649
Fresno City/County	7068
Alameda/Oakland	4388
Orange/Santa Ana/Anaheim	5712
Richmond City/Contra Costa County	2353
Riverside City/County	6423
Sacramento City/County	5012
San Bernardino City/County	7651
San Diego City/County	11026
Santa Clara/Nova	509
San Jose/Santa Clara balance	3041
Stockton/San Joaquin County	3400
<b>Cities within large urban counties (total)</b>	<b>116965</b>
<b>TOTAL ALLOCATIONS FOR ALL LOCAL AREAS IN CALIFORNIA*</b>	<b>189703</b>
<i>City/urban funds as % of total State local allocations</i>	<b>61.66%</b>

\*out of national total of \$941,911,000 for substate areas

## Top 100 cities, based on # below Poverty Level

Source: 1990 Census; \*Places 25,000 and over Population

Pov Rank	Pop Rank	State FIPS	Place	Population	# below Pov Level
				50,515,297	9,511,959
61	62	51	Norfolk, VA	261,229	43,944
62	78	28	Jackson, MS	196,594	43,216
63	79	1	Mobile, AL	196,278	42,838
64	205	48	Brownsville, TX	98,962	42,594
65	67	34	Jersey City, NJ	228,537	42,539
66	35	37	Charlotte, NC	386,003	42,312
67	127	26	Flint, MI	140,761	42,218
68	48	91	Omaha, NE	335,795	41,357
69	76	51	Richmond, VA	203,056	40,103
70	51	20	Wichita, KS	304,011	37,321
71	129	9	Hartford, CT	139,739	36,397
72	106	6	San Bernardino, CA	164,164	36,174
73	87	48	Lubbock, TX	186,281	34,593
74	107	36	Syracuse, NY	163,860	34,402
75	108	44	Providence, RI	160,728	34,120
76	158	18	Gary, IN	116,646	33,964
77	85	12	Hialeah, FL	188,004	33,830
78	86	1	Montgomery, AL	187,106	32,778
79	103	47	Knoxville, TN	165,121	32,189
80	93	13	Columbus, GA	178,701	31,811
81	65	12	St. Petersburg, FL	238,629	31,475
82	242	34	Camden, NJ	87,492	30,588
83	112	25	Springfield, MA	156,983	30,241
84	70	21	Lexington-Fayette, KY	225,366	30,108
85	54	8	Colorado Springs, CO	281,140	29,973
86	44	15	Honolulu, HI	365,272	29,873
87	94	53	Spokane, WA	177,196	29,863
88	131	13	Savannah, GA	137,557	29,854
89	83	26	Grand Rapids, MI	189,126	29,103
90	63	32	Las Vegas, NV	258,295	29,084
91	82	55	Madison, WI	191,262	28,640
92	95	53	Tacoma, WA	176,664	28,632
93	59	6	Anaheim, CA	266,406	27,933
94	162	48	Waco, TX	103,590	27,767
95	265	48	McAllen, TX	84,021	27,236
96	216	38	Youngstown, OH	95,732	27,109
97	53	4	Mesa, AZ	288,091	27,087
98	114	47	Chattanooga, TN	152,488	26,803
99	113	20	Kansas City, KS	149,768	26,433
100	68	6	Riverside, CA	226,505	26,280

## Top 100 cities, based on # below Poverty Level

Source: 1990 Census; \*Places 25,000 and over Population

Pov Rank	Pop Rank*	State FIPS	Place	Population	# below Pov Level
				50,515,297	9,511,959
1	1	36	New York, NY	7,322,564	1,384,994
2	2	5	Los Angeles, CA	3,485,398	643,809
3	3	17	Chicago, IL	2,783,726	592,298
4	4	48	Houston, TX	1,630,672	332,974
5	7	26	Detroit, MI	1,027,974	328,467
6	5	42	Philadelphia, PA	1,585,577	313,374
7	10	48	San Antonio, TX	935,927	207,161
8	8	48	Dallas, TX	1,006,831	177,790
9	12	24	Baltimore, MD	736,014	156,284
10	24	22	New Orleans, LA	496,938	152,042
11	6	6	San Diego, CA	1,110,549	142,382
12	23	39	Cleveland, OH	505,616	142,217
13	9	4	Phoenix, AZ	983,403	137,406
14	18	47	Memphis, TN	610,337	136,123
15	17	55	Milwaukee, WI	628,088	135,583
16	22	48	El Paso, TX	515,342	128,886
17	46	12	Miami, FL	358,548	109,594
18	16	39	Columbus, OH	632,958	105,494
19	36	13	Atlanta, GA	394,017	102,364
20	20	25	Boston, MA	574,283	102,092
21	19	11	Washington, DC	606,900	96,278
22	34	29	St. Louis, MO	396,685	95,271
23	14	6	San Francisco, CA	723,959	90,019
24	13	18	Indianapolis, IN	731,321	89,831
25	45	39	Cincinnati, OH	364,040	85,319
26	47	6	Fresno, CA	354,202	83,108
27	59	36	Buffalo, NY	328,123	81,601
28	27	48	Austin, TX	465,577	80,369
29	15	12	Jacksonville, FL	635,230	80,016
30	33	4	Tucson, AZ	405,390	79,287
31	26	8	Denver, CO	467,610	78,515
32	28	48	Fort Worth, TX	447,619	75,597
33	40	42	Pittsburgh, PA	369,879	75,172
34	11	6	San Jose, CA	782,225	71,676
35	56	34	Newark, NJ	275,221	70,702
36	32	5	Long Beach, CA	429,433	69,694
37	29	40	Oklahoma, OK	444,730	69,096
38	39	6	Oakland, CA	372,242	68,781
39	42	27	Minneapolis, MN	368,383	65,556
40	31	29	Kansas City, MO	435,141	65,381
41	60	1	Birmingham, AL	265,852	64,572
42	25	47	Nashville-Davidson, TN	488,518	62,497
43	49	39	Toledo, OH	332,943	62,426
44	41	6	Sacramento, CA	369,365	62,232
45	30	41	Portland, OR	437,398	62,058
46	21	53	Seattle, WA	516,259	61,681
47	59	21	Louisville, KY	269,157	59,144
48	73	22	Baton Rouge, LA	219,531	54,669
49	43	40	Tulsa, OK	367,193	53,768
50	38	35	Albuquerque, NM	384,736	52,903
51	55	12	Tampa, FL	280,015	52,557
52	66	36	Rochester, NY	231,636	52,237
53	52	6	Santa Ana, CA	293,742	51,835
54	84	48	Corpus Christi, TX	257,453	50,525
55	77	22	Shreveport, LA	198,528	49,215
56	83	39	Dayton, OH	182,044	46,480
57	154	48	Laredo, TX	122,899	45,126
58	71	39	Akron, OH	223,019	44,544
59	57	27	St. Paul, MN	272,235	44,115
60	74	6	Stockton, CA	210,943	43,990

**WELFARE TO WORK STATE PLAN PROVISION**

In H.R. 2015 as passed by the House (bill print HR 2015 EH):

Page 590, on line 6, strike "and"; on line 11, strike the period and insert a semicolon and the word "and"; and between lines 11 and 12, insert the following new subclause:

**"(dd) set forth performance goals for moving recipients participating in activities funded under this paragraph in unsubsidized, lasting employment."**



# Withdrawal/Redaction Marker

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[001]

JULY 25, 1997

7/25/97

**DOL RECONCILIATION TEAM ON CALL THIS WEEKEND**

If we're called to be in, we'll be meeting in Geri Palast's office (rest of building is closed) on 219-4692; and fax 219-5288.

**LEAD CONTACT PERSON: Darla Letourneau**

(she'll activate the phone tree below) P6/(b)(6)

if not there--call on cell phone: P6/(b)(6)

if for some reason not there--call Geri Palast (below)

Gerri D. Palast: beeper: 1-800-581-9351; home: P6/(b)(6)

Seth Harris beeper: 1-800-sky-page # 114-3049; home: P6/(b)(6)

Bill Kamela: beeper: 666-5985; home: P6/(b)(6)

Darla Letourneau (see above)

Ray Uhalde: beeper: 668-3517; home: P6/(b)(6)

Gerri Fiala: home: P6/(b)(6)

Terry Finnegan: home: P6/(b)(6)

Roxy Nicholson?

Mark Morin: home: P6/(b)(6)

Kathy Curran: P6/(b)(6)

John Fraser: P6/(b)(6)

Dick Johnson: P6/(b)(6)

Earl Gohl: P6/(b)(6)

Teri Bergman: P6/(b)(6)

Todd Flournoy: P6/(b)(6)

WR - WR - to - work legislation

Larry R. Matlack 07/14/97 11:40:55 AM

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Record Type: Record

To: Elena Kagan/OPD/EOP, Janet Murguia/WHO/EOP, Cynthia A. Rice/OPD/EOP, Diana Fortuna/OPD/EOP  
cc: Barry White/OMB/EOP, Lisa M. Kountoupes/OMB/EOP, Jeffrey A. Farkas/OMB/EOP, Maureen H. Walsh/OMB/EOP  
Subject: BYRD

Attached is a revised list of Byrd Rule welfare-to-work issues Chuck is taking up to the Hill, hurriedly amended this morning to capture, we think, the results of the Saturday meeting with the Ds. As Chuck's note says, we can reach him if there's anything fatal in here. Let any of us know if there are significant problems you believe need to be raised, serious omissions, or other issues that we should consider.

----- Forwarded by Larry R. Matlack/OMB/EOP on 07/14/97 11:28 AM -----



**Charles Konigsberg**  
07/14/97 11:04:00 AM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc:  
Subject: BYRD

Message Creation Date was at 14-JUL-1997 11:04:00

**FOLLOWING IS A REVISED BYRD LIST, BASED UPON COMMENTS RECEIVED THIS MORNING. I WILL BE MEETING WITH BUDGET STAFF AND WH/LA FOR THE NEXT COUPLE HOURS TO FINALIZE THE LIST. IF YOU IDENTIFY ANY OTHER PROBLEMS WITH THE LIST, PLEASE PAGE ME. THANKS.**

7/14/97

**DRAFT - POSSIBLE BYRD RULE VIOLATIONS**

[Note: the following is not intended to be a comprehensive list; it is limited to identifying which of the objectionable reconciliation provisions (i.e. objectionable on policy grounds) may also violate the Byrd Rule.]

o Privatization (Food Stamps and Medicaid): House Passed Bill (Section 1003, Food Stamps; and Sec. 3457, Medicaid). Background: The House bill permits any State to contract with a private sector entity to conduct income verification and eligibility determinations for Food Stamps and Medicaid. The Senate includes no such provisions (dropped per Byrd rule). The Administration strongly opposes the provisions in the House bill and urges the Conferees to

drop them from consideration. Nature of Byrd violation: the provision does not affect federal revenues or outlays.

o Welfare-to-Work:

--Senate Section 5822(a)(2)(c) --Nonapplication of any minimum wage requirements with respect to individual sanctions. (i.e., the Nickles , amendment.)

--(FLSA) House sections 5004 and 5005, and 9004, 9005 -- make people in workfare and community service activities not employees for purposes of FLSA; and counts items other than cash and food stamps for minimum wage (no budget effect)

--Temporary Assistance for Needy Families (TANF) Work Activity Rules: Would limit vocational and educational training as a work activity in TANF; House Passed Bill (sections 9003, 5002), Senate Passed Bill (Sec. 5905(k)).  
Background: The House bill includes two sets of provisions --one from the Ways and Means Committee and the other from the Education and Workforce Committee --which narrow the base of eligible recipients against which the cap on vocational education in TANF applies. (The Ways and Means Committee also excludes teen parents in school from the cap and sets the cap at 30 percent of the narrower base, while the Education and Workforce Committee makes no other changes.) The Senate bill maintains the existing base against which the cap on vocational education applies, but removes teen parents who attend school from the 20 percent cap on vocational education. The Agreement did not address making changes in the TANF work requirements regarding vocational education and educational services for teen parents. The Administration voiced concerns about these provisions in several letters and urged Conferees to drop them from consideration. Nature of Byrd Violation -- no effect on Federal budget

--TANF transfers to title XX: House Passed Bill (Section 9002).  
Background: The provisions reported by the House would allow States to divert TANF funds away from welfare-to-work efforts to other Title XX social service activities. (The Senate included no such provisions.) The Agreement did not address making changes in the TANF transfer provisions. The Administration voiced concerns about these provisions in several letters and urged Conferees to drop them from consideration. Nature of violation: The provision does not affect federal revenues or outlays.

WP-WP-to-wake  
Legislation

## ISSUES

- A. Administering Agency: Dept. of Labor/local Private Industry Councils (PICs)
- B. Distribution of Funds to High Poverty/High Unemployment Areas
  - 1. Targeting of Formula
  - 2. Percent of Funds Awarded on Competitive Basis
- C. Minimum Wage, Worker Protections, and Required Hours Per Week of Work
  - 1. Sections 5004 and 5005 of House-passed bill
  - 2. Nickles Amendment in the Senate
- D. Anti-Displacement
  - 1. Grievance/Appeals Process
  - 2. Remedies
  - 3. Types of Protections
- E. Allowable Uses
- F. Performance Bonus

ISSUES

- A. Administering Agency: Dept. of Labor/local Private Industry Councils (PICs)
- B. Distribution of Funds to High Poverty/High Unemployment Areas
- C. Minimum Wage, Worker Protections, and Required Hours Per Week of Work  
(Sections 5004 and 5005 of House-passed bill)
- D. Anti-Displacement
- E. Allowable Uses
- F. Performance Bonus

## RECONCILIATION ITEMS THAT WEAKEN WORK REQUIREMENTS

### I. FLSA/Minimum Wage

- Work Activities Permitted -- The House proposal would allow states whose benefits levels don't support the minimum wage for the required number of hours to count work activities that current law does not permit them to count.

To get up to 20 hours a week, states could count any of the following activities, none of which count under current law:

- (1) job skills training directly related to employment;
- (2) education for those with no high school diploma;
- (3) job search and job readiness assistance in excess of 6 weeks (current law: the first 6 weeks always count as work); and
- (4) vocational educational training in excess of 12 months (current law: the first 12 months always count as work).

To go from 20 to 30 hours a week, states could count any items from this same list of activities; but current law already permits activities (1) and (2) to count for hours over 20.

- Deducting child support retained by the state -- In defining the maximum number of hours of workfare participation per month, the House bill deducts child support retained by the state from welfare and food stamp benefits before dividing by the minimum wage. This is intended to prevent women from having to "work off" their own child support, but it raises a number of difficult fairness questions.

**Special Note on Nickles Amendment** -- This amendment is intended to ameliorate one consequence of the Labor Department's minimum wage guidance. Applying either to current law or to the House bill, it says that regardless of minimum wage requirements, states may issue sanctions against recipients. The question is whether current law already permits this, and DOL and HHS are investigating this question. For example, it may be that sanctions can be viewed as "wage garnishments" deducted after payment of the minimum wage.

One easy solution that the agencies may offer is to allow a sanction to be imposed, but at the same time to cut the hours of work required. We have to decide if that solution is unacceptable to us. We have taken no position on the Nickles amendment to date.

### II. 20% Vocational Education Limit

- Current law is arguably somewhat murky on this issue. It says that "not more than 20% of individuals in all families...may be determined to be engaged in work" because of vocational education or high school attendance by teen parents. The liberal interpretation (which the Education Department urged us to embrace publicly without success) is that the cap is 20% of the entire caseload. The conservative interpretation is that the cap is 20% of those engaged in work. Therefore, measuring whether the reconciliation proposals weaken the work requirement depends on what interpretation you start with. Since teen parents attending high school "share" the 20% cap with vocational education,

and teen parents are 6% of current caseload, many argue that this leaves little or no room for vocational education. (According to CRS, one-third of teen parents have diplomas, so teen parents attending high school are 4% of current caseload -- or less, since many don't actually attend school.)

The proposals vary widely in terms of the percent of the caseload that can be in vocational education and still count as working -- from 2% to 20%.

- **Percent of Caseload that can be in vocational education and count as working:**

House Education and Workforce (strict interpretation of current law):

- FY98: 20% cap applied to the 30% required to work = 6%; less 4% teen parents = 2%
- FY02: 20% cap applied to the 50% required to work = 10%; less 4% teen parents = 6%

House Ways and Means (strict interpretation, but increase cap to 30% and take out teens):

- FY98: 30% cap applied to the 30% required to work = 9%
- FY02: 30% cap applied to the 50% required to work = 15%

Liberal Interpretation of Current Law (20% of total caseload, teens part of cap):

- FY98: 20% cap applied to total caseload, less 4% teen parents = 16%
- FY02: same = 16%

Senate (liberal interpretation, plus take out teens):

- FY98: 20%
- FY02: 20%

### **III. Domestic Violence Exemption**

This Senate amendment would allow states to grant waivers from the 5-year time limit for victims of domestic violence in excess of the 20% cap now in the law. In addition, it would require HHS to exclude recipients with such waivers in computing state work participation rates and penalties.

The House has no such provision. We have not yet taken any position on this amendment.

- Current Law -- States may exempt up to 20% of the monthly caseload from the 5-year time limit for reasons of hardship "or if the family includes an individual who has been battered or subjected to extreme cruelty."

In addition, states have an option to certify that they have and enforce standards to identify and provide services for recipients with a history of domestic violence; and to waive program requirements "such as time limits..., residency requirements, child support cooperation requirements; and family cap provisions" when it would endanger, penalize, or put at risk such victims.

- Senate Amendment (Murray) --

- States shall not be subject to any numerical limitation in granting domestic



violence waivers.

- HHS must exclude recipients granted domestic violence waivers by a state when it determines whether a state has complied with work participation rates and enforcement of the time limit, as well as whether penalties should be imposed.



Cynthia A. Rice

07/14/97 07:37:41 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Laura Emmett/WHO/EOP, Janet Murguia/WHO/EOP, Virginia N. Rustique/WHO/EOP

cc: Bruce N. Reed/OPD/EOP

Subject: Information for Levin meeting (Tuesday at 11:00)



conf0714.wp



confdol.wp

### Agenda

Janet suggested on Saturday that we have an agenda to try to keep the meeting on course. Attached is one we could use (it's written fairly neutrally -- no mention of positions or fallback options).

### Goals of this Meeting

In my mind, our goals are to:

- 1) Make sure Levin et. al. understand how the formula will drive funds to the neediest areas, and why competitive funds, while desirable for other reasons, won't be as desirable. Ray Uhalde is preparing a one-pager to use to help explain this. He promised me a fax tonight to review.
- 2) Ensure that Levin et. al. understand the strong effort we are making to strike the provisions in the House bill which undermine the minimum wage, worker protections, and the work requirements. Seth Harris will be about 10-15 minutes late, so I put this 2nd on the agenda so he'll be there.

Janet -- will you want to raise the effort to get 41 Senate signatures to help us gain leverage in conference?

Elena, the staff already understand that we consider the work rates part of the parcel to strike, but the members may need to hear it from us.

Also, we may wish to raise the Nickles amendment here. DOL is preparing options which they could describe verbally (I've described them in the attached). It's premature to hand out paper, but I believe we need to alert them that "strike Nickles" is not our first choice (although it is DOL's).

- 3) Stress that we want the Senate anti-displacement provisions applied to all of TANF, but have prepared options on grievance/appeals process, remedies, and types of protections if needed. Again, I think it's premature to hand out paper except for the side by side of House/Senate provisions we showed staff Saturday, but DOL will be prepared to verbally describe options (again, I've described DOL's work in the attached.)

4) Stress that we share their view that this program's primary goal is to move recipients promptly into private sector employment. We could offer language to ensure that all "allowable uses" including community service would have to be designed to ensure that goal. DOL will have possible language ready we could give them. DOL knows that we do not want to propose to limit the number of months of workfare or the percent of funds spent on it.

## ISSUES

- A. Administering Agency: Dept. of Labor/local Private Industry Councils (PICs)
- B. Distribution of Funds to High Poverty/High Unemployment Areas
  - 1. Targeting of Formula
  - 2. Percent of Funds Awarded on Competitive Basis
- C. Minimum Wage, Worker Protections, and Required Hours Per Week of Work
  - 1. Sections 5004 and 5005 of House-passed bill
  - 2. Nickles Amendment in the Senate
- D. Anti-Displacement
  - 1. Grievance/Appeals Process
  - 2. Remedies
  - 3. Types of Protections
- E. Allowable Uses
- F. Performance Bonus

## Possible Options

### Grievance --Independent State Agency

- 1) Use Unemployment Compensation System (3 person independent board)  
Problem: they don't know labor law
- 2) State EEOs  
Possible problems:  
Not always independent of governor  
Won't know health and safety law
- 3) Let states choose between #1 and #2

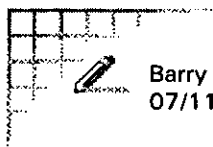
### Remedies

- 1) For anti-displacement, use Senate provisions
- 2) For gender and religion, use remedies provided by laws already covered in TANF  
(Age Discrimination Act, Rehabilitation Act, Americans with Disabilities Act, and  
Title VI of Civil Rights Act)
- 3) ?Working on health and safety ideas designed to correct hazard

### Nickles

- 1) "States can sanction, but recipients must receive minimum wage" i.e. can sanction through fines only.
- 2) State can sanction through fines but if penalty would result in less than the minimum wage, the person could choose to have a deduction or to write a check (this resolves some issue with state employees)
- 3) Garnishment - State can sanction by reducing the amount of a person's pay, as long as the person making the decision to sanction cannot be the employer or the employer's employer. They believe this preserves the principle of FLSA while allowing all government agencies except the welfare agency to hire workfare recipients and sanction them through their paycheck.
- 4)(a) Allow states to do either #1 or #3
- 4)(b) Option #2, but person making the decision to sanction cannot be the employer or the employer's employer

W2-W2-to-work legislative



Barry White  
07/11/97 01:06:16 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Welfare to Work S&E budget amendment

The President's FY 1998 Budget presumed the \$3 billion program would be administered by DOL, and included as "proposed for later transmittal" a DOL Salaries and Expenses discretionary appropriation of \$6.2 million, for 75 FTE and related expenses.

"Later transmittal" proposals go up to Congress as budget amendments when the substantive program (in this case welfare to work) is enacted, or about to be, and are usually timed so as to be on the record when the appropriations subcommittees mark up their bills for the year, lest they not be considered due to lack of timely transmittal.

The L/HHS/ED appropriations subcommittee markups are both next week. The \$6.2 million for DOL is going up today or in the next day or so, as part of a larger package of budget amendments. It is being treated as a routine transmittal, no fanfare.

I wouldn't raise it in any of the Hill meetings we are having with authorizers, it could be distracting, but I wanted to be sure you folk all were aware of it.

Message Sent To:

Cynthia A. Rice/OPD/EOP  
Elena Kagan/OPD/EOP  
Emily Bromberg/WHO/EOP  
Janet Murguia/WHO/EOP  
Emil E. Parker/OPD/EOP  
Diana Fortuna/OPD/EOP



Cynthia A. Rice

07/17/97 06:31:33 PM

Record Type: Record

To: See the distribution list at the bottom of this message  
cc: Laura Emmett/WHO/EOP, Virginia N. Rustique/WHO/EOP  
Subject: Just heard a well placed welfare conference rumour

I heard that the House may offer to the Senate:

- 1) Labor runs formula part of program; HHS gives competitive grants
- 2) 90% formula, 10% competitive, but could increase to 15% competitive if needed to keep Senate HHS-advocates happier
- 3) No set-asides within competitive for rural or cities
- 4) Lower small state minimum to .25% (which is good for cities)
- 5) Senate performance bonus, which is bad for us.
- 6) House provisions on Pennington
- 7) Keep Amerasians, Cuban-Haitians, but not Kennedy too-disabled-to naturalize or

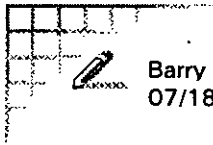
Medicaid 5 year ban exemption for kids

All around, not a bad deal for us. We're not supposed to know this, so don't let Republicans know we do.

Major arguments continue between the Senate and the House on FLSA; SSI State Supplements; and future disabled legal Immigrants.

Message Sent To:

Bruce N. Reed/OPD/EOP  
Elena Kagan/OPD/EOP  
Emil E. Parker/OPD/EOP  
Janet Murguia/WHO/EOP  
Barry White/OMB/EOP  
Larry R. Matlack/OMB/EOP  
Keith J. Fontenot/OMB/EOP  
Jack A. Smalligan/OMB/EOP



Barry White  
07/18/97 09:34:34 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP  
cc: See the distribution list at the bottom of this message  
Subject: Re: Just heard a well placed welfare conference rumour

On WTW, the split between Labor and HHS is hysterical! And programmatically absurd. If it must be that way, then we should fight hard for the highest possible formula amount. Only that will really get money to mayors, and only the formula funds will really be important to the issue of jobs. The HHS competitive part will go the way of virtually all HHS (non-Health) programs (that is, "performance" will defined as process, not results), and will be controlled by HHS' very strong resistance to the goal of lasting unsubsidized employment. Very disappointing.

This administering agency split, coupled with the meaningless Senate performance bonus, is also very unfortunate for the Administration's original program goal.

The highest possible formula share going through DOL/PICs is the good news here.

Message Copied To:

Bruce N. Reed/OPD/EOP  
Elena Kagan/OPD/EOP  
Emil E. Parker/OPD/EOP  
Janet Murguia/WHO/EOP  
Larry R. Matlack/OMB/EOP  
Keith J. Fontenot/OMB/EOP  
Jack A. Smalligan/OMB/EOP  
Laura Emmett/WHO/EOP  
Virginia N. Rustique/WHO/EOP



WR - WR to - work legislation

July 9, 1997

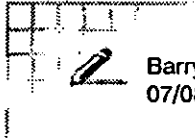
TO: Elena Kagan, Cynthia Rice

FR: Barry White

Attached is the statement on the welfare to work "goal" which we should still try to get in. It is silent on the 90 days.

Attachment

WR - WR-to-work (epi)Natick



Barry White  
07/08/97 01:43:03 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP  
cc: Larry R. Matlack/OMB/EOP, Maureen H. Walsh/OMB/EOP, Keith J. Fontenot/OMB/EOP, Jeffrey A. Farkas/OMB/EOP  
Subject: Re: My new assistant, Linda Cooper, is now making calls to set up a meeting

For tomorrow's WTW meeting and status of paper today:

On restricting expenditures, we have language that passes muster with our GC, but the CBO analyst won't opine without her lawyer, who is on leave today. We are following up (Farkas is point person). Jeff and Maureen will bring the pre-CBO language to your meetings this afternoon for you, DOL, and HHS; you can send it out to whomever else needs it for tomorrow's 11:00 a.m.

On performance bonus, we'll have a draft this afternoon. As with expenditure limitation, Jeff and Maureen will bring it this afternoon.

On Labor's work on constraining workfare, they initially wanted to impose a flat maximum that a grantee could spend on the costs of administering workfare: 2.5%. I considered this way out of bounds: antithetical to the Administration's view of maximizing flexibility, and doing nothing to support our decision to relate workfare to the point of WTW, unsubsidized lasting employment.

They went back to the drawing board and should have language soon (I don't know about today) that at least: establishes in the "purpose" the goal of unsubsidized, lasting jobs for the target populations; establishes in the state/local plans the requirement that they show how services will lead to lasting unsubsidized employment; strengthens (if necessary) the evaluation language's focus on this goal; conditions third year funding on a showing of progress toward this goal; and imposes a time limit (perhaps 90 days, but we should be flexible on this) on the duration of an individual's stay on workfare supported with WTW funds and requires that the stay be part of a strategy to move that individual into lasting unsubsidized employment. We'll see what comes.

**Larry R. Matlack** 07/08/97 01:50:34 PM

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Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc: Maureen H. Walsh/OMB/EOP, Keith J. Fontenot/OMB/EOP, Jeffrey A. Farkas/OMB/EOP, Barry White/OMB/EOP

Subject: Re: My new assistant, Linda Cooper, is now making calls to set up a meeting 

DOL will not have language on the issues Barry mentioned today.

We've discussed these ideas with them, and they are going to explore them. They're not especially difficult to do, but everything takes time to work through with the Solicitor. I do not believe they will be dropping the 2.5% limit on workfare, wanting to keep it on the table for discussion, supported with a publically defensible rationale (as opposed to one among the family, as it were). The only language they've produced so far is the 90-day limit, 2.5% limit, and requirement for an individual plan that shows workfare will lead to a job.



# CENTER ON BUDGET AND POLICY PRIORITIES

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July 7, 1997

## KEY CONFERENCE ISSUES RELATED TO NEW \$3 BILLION WELFARE-TO-WORK PROGRAM

The budget reconciliation bills passed by the House and Senate both contain authorization for a new \$3 billion program of mandatory spending for welfare-to-work activities targeted on longer-term, harder-to-employ welfare recipients. The House bill actually contains two differing versions of this new authorization — one reported by the Ways and Means Committee and another by the Education and the Workforce Committee.

These three versions share a common framework. Each version would distribute some of the available funds to states on a formula basis, with a requirement that states pass through at least 85 percent of those funds according to a needs-based formula that states could design within prescribed standards. Under all of the versions, a one-third state match would be required to draw down available formula-based funds. Each version also would provide funds for competitive grants awarded directly by the Secretary of Labor to local applicants.

There are significant differences, however, in the design of other aspects of the proposed welfare-to-work initiative. These differences are described below, along with a brief summary of issues that should be considered when the differing provisions are reconciled. Provisions related to worker protection, which in the House bill apply not only to the welfare-to-work program but more broadly to all TANF-related activities, are not addressed in this paper.

**Formula vs. competitive grants** — The proportion of available funds reserved for competitive grants varies greatly among the three versions of the welfare-to-work program. Under the Ways and Means version, 50 percent of the funds would be distributed to states on a formula basis and the remaining 50 percent would be awarded through competitive grants. This split between formula and competitive grant funds is set at 75/25 in the Senate bill and 95/5 in the Education and the Workforce version. In addition, the Ways and Means version requires at least 65 percent of the competitive funds to be used for grants to applicants in the 100 cities with the largest poverty populations and at least 25 percent to be used for grants in rural areas. The Senate version contains no earmark for large cities but reserves 30 percent for rural areas. The Education and the Workforce version is silent in both areas.

*The use of a major portion of available funds for competitive grants, as proposed by the Ways & Means Committee, represents the best mechanism for promoting quality and innovation while also assuring funding for cities with large poverty populations.* The competitive process will allow the Secretary of Labor to focus funds on innovative projects that tackle some of the biggest challenges facing communities as they implement the new welfare law — including strategies for moving the hardest-to-employ individuals into the workforce and overcoming obstacles posed by job shortages in depressed areas. Through a competitive process, it also will be possible to learn more about what works in the welfare-to-work field. The Secretary will be able to select high-quality projects that can be carefully evaluated to add to the current base of knowledge. Provisions to earmark some competitive grant funds for use in both large cities and rural communities seem appropriate in this context to assure that these funds are concentrated in geographic areas which are likely to face the greatest welfare-to-work challenges.

**Individual eligibility** — All three versions of the welfare-to-work initiative use similar criteria in targeting the program to harder-to-employ recipients of assistance under TANF. These criteria include two measures tied to the duration of welfare receipt: whether an individual has received AFDC/TANF assistance for at least 30 months, and whether an individual is within 12 months of a state or federal time limit on welfare benefits. These criteria also focus on barriers to employment, including whether the individual:

- has failed to complete secondary school or obtain a GED and has low skills in reading and math;
- requires substance abuse treatment for employment; or
- has a poor work history.

The Ways and Means version requires that at least 90 percent of all funds provided to each project be used to assist individuals who meet one of the two criteria related to duration of welfare receipt *and* two of the three criteria related to employment barriers. In contrast, the two other versions have less targeted eligibility requirements: at least 90 percent of funds would have to be used for TANF recipients who met *either* the TANF/AFDC receipt test *or* the barriers-to-employment test. It appears there are no limitations or restrictions on the individuals who are served by projects with the remaining 10 percent of funds received under the program.

*In order to ensure that this new welfare-to-work initiative is focused on harder-to-employ recipients, the tighter targeting provisions contained in the Ways and Means version should be retained in conference.* The combination of criteria related to duration of welfare receipt and barriers to employment is necessary to achieve this result. If individual eligibility is extended to all individuals who have received assistance for more than 30 months or who are within 12 months of a time limit on aid, a very large proportion of the total caseload will qualify (particularly in states with relatively short time limits).

Restricting eligibility to those who also face demonstrable barriers to employment will ensure that states and communities focus their energies on a more disadvantaged segment of their current welfare caseloads.

The conference agreement also should clarify that up to 10 percent of funds available through both formula and competitive grants can be used to serve other needy populations, most notably including noncustodial parents of children in households receiving TANF assistance. Appropriate flexibility should be given to states, local communities, and grantees receiving competitive funds to make it possible to design effective programs for noncustodial parents. In particular, the Secretary should be given authority to make competitive grants for projects that exclusively or primarily serve noncustodial parents as long as the total funds used for this purpose do not exceed 10 percent of the amount available for competitive grants. Governors and local communities should be granted similar flexibility in the allocation of funds they receive on a formula basis.

**Allowable activities** — The various versions of the welfare-to-work initiative contain very similar definitions of allowable activities, although there are minor differences in their descriptions of job placement, job readiness, and post-employment or job retention services. The Senate provisions add two items to the list of allowable activities included in the House versions. First, the Senate version requires that contracts or vouchers for job placement services (although apparently not for job readiness or retention services) must withhold at least half of any total payment to the service provider until the individual placed in a job has remained employed for six months. The Senate provisions also authorize technical assistance and related services leading to self-employment through micro-loan demonstration projects.

While not included in any of the versions passed by the House or Senate, there apparently is some discussion within the Administration and among House and Senate staff about the addition of unpaid work experience and community service to the list of allowable activities under the welfare-to-work program. This change was proposed in an earlier House Rules Committee version of the program, but the Rules Committee's language was not included in the House-passed spending reconciliation bill.

*Attempts to add unpaid community service or work experience programs to the list of allowable activities as part of the conference agreement should be rejected as inconsistent with the program's focus on moving recipients into paid employment.* Unpaid work experience programs (commonly referred to as "workfare") have been extensively evaluated during the past decade. This research has demonstrated that these programs have not had significant impacts on the future earnings or employment rates of participants. While some states may choose to impose a work obligation upon recipients in exchange for welfare benefits, states already have much larger sums from the TANF block grant and state maintenance-of-effort funds that can be used for this purpose.

In addition, the Senate language establishing a six-month job retention standard for placement-related contracts and vouchers, along with the authorization for micro-enterprise development, should be retained in the conference agreement.

**Eligible applicants for competitive grants** — Each of the three versions of the welfare-to-work program define somewhat differently the entities which would be eligible to apply to the Secretary for competitive grants. Under the Education and the Workforce version, private industry councils or political subdivisions of a state would be eligible to apply for such grants. The Ways and Means version uses the same eligibility definition but requires that applications be approved by the state TANF agency. Finally, the Senate version limits eligibility to political subdivisions and community action agencies, community development corporations, or other nonprofit organizations with demonstrated effectiveness in moving welfare recipients into the workforce. The Senate version also requires that applications be approved by the state TANF agency.

*The conference agreement should allow the full range of appropriate local entities to apply for competitive grants and enable the Secretary to weigh the relative merits of competing proposals.* At a minimum, nonprofit agencies should be included as eligible applicants, as the Senate bill would allow, in order to stimulate innovation. Under these circumstances, it is not clear that it would be appropriate for each and every applicant to secure approval for its proposal from the state TANF agency. A prudent compromise would include approval by the state TANF agency as a factor that could be considered at the discretion of the Secretary without requiring such approval in every instance.

**State maintenance of effort** — Two of the three welfare-to-work proposals require state maintenance of effort under TANF as a condition of participation in this new program. The Ways and Means version stipulates that a state must have qualified state expenditures equal to at least 80 percent of fiscal year 1996 levels in either the current or the immediately preceding fiscal year. The Senate provision requires a state to meet the basic maintenance of effort provision applicable under TANF (i.e., either 80 percent, or 75 percent if the state meets TANF participation rate requirements). The Education and the Workforce version contains no state maintenance of effort requirement.

*A basic principle preserved in the conference agreement should be that states cannot gain access to additional federal matching funds under this new program if they are failing to meet TANF maintenance-of-effort requirements in the current fiscal year.* In the absence of such a condition for participation in the program, the \$3 billion in new federal funds merely may supplant state expenditures and yield little progress in meeting the nation's welfare-to-work goals.

**Performance bonuses** — In recognition of the short-term nature of the welfare-to-work program and the multiple goals that it seeks to address, neither House version reserves funds for performance bonuses that would supplement those previously authorized under TANF. The Senate version, however, does set aside \$100 million for performance bonuses to states that achieve the greatest success in increasing the earnings of longer-term welfare recipients. These bonus funds would not be awarded to states until fiscal year 2003.

*The conference agreement should delete the Senate provision earmarking funds for performance bonuses because such bonuses would prove unworkable, administratively burdensome, and ineffective if withheld from states until fiscal year 2003. Variations in economic conditions across states and communities will likely lead to perverse and unintended effects under a performance bonus structure. Because it will be harder to achieve job placements or related program goals in areas with weak economies, those areas with the strongest economies — and the least need for additional funds — could be rewarded. In addition, much of the data that would be necessary to support a performance bonus structure is not currently collected by states or communities and reported to the federal government on a timely basis.*

Last year's welfare law already authorizes \$1 billion in performance bonuses to be paid to states based on their success in achieving the goals of TANF. The Congress directed HHS to develop these bonuses after failing to design a structure in statute that would work as intended. It does not make sense to invest additional funds in another system of performance bonuses under the new welfare-to-work program until we know if the existing structure can be made to work. It also is unclear whether performance funding would influence state or local decision-making significantly if the payment of bonus funds is delayed for at least four years, until fiscal year 2003.





Cynthia A. Rice

07/18/97 05:21:45 PM

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Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc:

Subject: Welfare-to-Work Administering Agency

My guess -- they know we want DOL and they want us to give something up for it.

----- Forwarded by Cynthia A. Rice/OPD/EOP on 07/18/97 05:22 PM -----

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Larry R. Matlack 07/18/97 04:40:10 PM

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Record Type: Record

To: Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP

cc: Barry White/OMB/EOP

Subject: Welfare-to-Work Administering Agency

Per a call from DOL -- this morning the Republican leadership decided that all the administrative questions on Welfare-to-Work go HHS's way -- i.e., HHS is the Federal Administering agency, and the local system is run through the TANF agency. DOL believes other W-to-W issues were discussed, but what they were and the outcome (if any) is unknown at the moment.

WP- WP- to-wah Legislat

▶ **Diana Fortuna**  
07/11/97 01:14:09 PM  
.....

Record Type: Record

To: Elena Kagan/OPD/EOP, Cynthia A. Rice/OPD/EOP  
cc: Laura Emmett/WHO/EOP  
Subject: Potential HHS fallback position on displacement

Monahan tells me that HHS may surface a fallback option on displacement:

They may propose that anti-displacement rules should be limited to those whose employment is subsidized by TANF or the \$3 billion. But they would not apply if the person were getting TANF help for child care or transportation. In the latter case, other employees then could not bring a grievance against their hiring.

Sounds pretty reasonable to me. I wonder if it discourages wage subsidies, and encourages states to spend money on support services rather than direct employer subsidies....

Forward to Bruce

File: Wp - Wp-to-work legislative

Wp reference

COMMITTEE MEMBERS AND STAFF

COMMITTEE ON FINANCE

SD-219 (ZIP: 20510-6200)

224-4515

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John H. Chafee, RI
Charles E. Grassley, IA
Orrin G. Hatch, UT
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STAFF MEMBERS

Table with 3 columns: Name, ID Number, and Title. Lists staff members for the Committee on Finance, including Agent Myrtle MAJ ST ASST SD-208, Anderson Bruce CHF EDIT SH-231A, etc.

SUBCOMMITTEE ON HEALTH CARE

SD-219 (ZIP: 20510-6204)

224-4515

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William V. Roth, Jr., DE
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Kent Conrad, ND
Bob Graham, FL
Carol Moseley-Braun, IL
Richard H. Bryan, NV
J. Robert Kerrey, NE



Cynthia A. Rice

07/14/97 07:37:41 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Laura Emmett/WHO/EOP, Janet Murguia/WHO/EOP, Virginia N. Rustique/WHO/EOP

cc: Bruce N. Reed/OPD/EOP

Subject: Information for Levin meeting (Tuesday at 11:00)



conf0714.wp



confdol.wp

### Agenda

Janet suggested on Saturday that we have an agenda to try to keep the meeting on course. Attached is one we could use (it's written fairly neutrally -- no mention of positions or fallback options).

### Goals of this Meeting

In my mind, our goals are to:

1) Make sure Levin et. al. understand how the formula will drive funds to the neediest areas, and why competitive funds, while desirable for other reasons, won't be as desirable. Ray Uhalde is preparing a one-pager to use to help explain this. He promised me a fax tonight to review.

2) Ensure that Levin et. al. understand the strong effort we are making to strike the provisions in the House bill which undermine the minimum wage, worker protections, and the work requirements. Seth Harris will be about 10-15 minutes late, so I put this 2nd on the agenda so he'll be there.

Janet -- will you want to raise the effort to get 41 Senate signatures to help us gain leverage in conference?

Elena, the staff already understand that we consider the work rates part of the parcel to strike, but the members may need to hear it from us.

Also, we may wish to raise the Nickles amendment here. DOL is preparing options which they could describe verbally (I've described them in the attached). It's premature to hand out paper, but I believe we need to alert them that "strike Nickles" is not our first choice (although it is DOL's).

3) Stress that we want the Senate anti-displacement provisions applied to all of TANF, but have prepared options on grievance/appeals process, remedies, and types of protections if needed. Again, I think it's premature to hand out paper except for the side by side of House/Senate provisions we showed staff Saturday, but DOL will be prepared to verbally describe options (again, I've described DOL's work in the attached.)

4) Stress that we share their view that this program's primary goal is to move recipients promptly into private sector employment. We could offer language to ensure that all "allowable uses" including community service would have to be designed to ensure that goal. DOL will have possible language ready we could give them. DOL knows that we do not want to propose to limit the number of months of workfare or the percent of funds spent on it.

Wp - Wp-to-wk legislative

**Welfare Reform Conference Issues  
7/21/97**

Benefits for Legal Immigrants: The President has stated that he will not sign legislation that does not provide disability and health benefits to legal immigrants who are or become disabled. If resources are available, we strongly urge the conferees to adopt all the Senate provisions regarding legal immigrants.

Administering Agency for \$3 Billion Welfare to Work Program: We insist that the \$3 billion welfare to work program be administered by the Department of Labor and operated through DOL's local Private Industry Councils (PICs), as done in the House bill.

Minimum Wage, Worker Protections, and Required Hours per Week of Work for Workfare. We insist on dropping all language in House bills which dilutes current law minimum wage enforcement, worker protections, and welfare reform work requirements.

Privatization of Medicaid and Food Stamp Operations. We insist that the conferees drop the House provisions allowing states to privatize all Medicaid and Food Stamp operations.

SSI State Supplements: We strongly oppose the House provision, which would repeal the current law maintenance of effort requirements which prevent States from lowering or eliminating State supplemental SSI payments.

Worker Displacement. We strongly urge the conferees to adopt the Senate anti-worker displacement language and apply it to the entire Temporary Assistance for Needy Families welfare reform program.

\$3 Billion Welfare to Work Program: Distribution of Funds. We strongly prefer the distribution of funds as reported out by the House Ways and Means committee: 50% of funds by formula, 50% by competitive grants; no small state minimum for formula grants; 65% of competitive funds set-aside for 100 cities with the largest poverty populations.

Welfare to Work Performance Bonus: We strongly prefer an alternative which improves upon the Senate performance bonus in which Governors would use a share of their discretionary funds and the Secretary of Labor would use a share of competitive funds to reward high-achieving welfare-to-work programs.

\$3 Billion Welfare to Work Program: Community Service as Allowable Use. We prefer the language passed by the House and Senate which allows funds from the

\$3 billion program to be used for "job creation through public or private subsidies" but not language which may be added in conference allowing "community service/work experience."

Food Stamp Work Slots: The Administration endorses the Senate reimbursement structure and the House provisions for maintenance of effort in order to ensure that the maximum number of work slots are created.

Vocational Education: We urge conferees to drop all provisions changing how vocational education is counted toward the work requirements.

TANF Transfers to Title XX: We urge conferees to drop the House provisions.

Medicaid Benefits for Children Losing SSI Benefits: The Agreement calls for restoration of these benefits, and we urge the conferees to adopt the Administration's budget proposal which does so.

Wp - Wp-to-work legislation

Welfare-to-Work Conference Issues  
7/8/97

Distribution of Funds -  
All little things (rural, out-cast, small states)

1. Tentative Member Issues\*

- Administering agency and inter-agency coordination
- Allocation of funds between competitive grants and formula grants
- Details of competitive grant funds (setaside for rural areas, 100 poorest cities)
- Use of funds/allowable uses *workforce, temporary*
- Worker protections (displacement, discrimination, grievance)
- Minimum wage calculations
- State maintenance of effort requirements

(incl. min wk res) → FLESA  
Doc will provide → Displ. Workforce  
DO4/PICS

2. Tentative Staff Issues\*

- Performance bonus
- Appropriation of funds by year
- Distribution of formula funds within states
- Eligible individuals - *temporary*
- ~~Tentative~~ Technical

Became members' issue -

Family visit - p. 18  
Murray - Wellstone -  
Senate passed.

3. Identical (or close) House and Senate Provisions\*

- Purpose
- Matching requirements
- Grants to Indian tribes - *few tech issues*
- Grants to territories/outlying areas
- Interaction with TANF
- Evaluation

Paper-*abuse*  
Photo backup  
options.

\* As stood at end of 7/2/97 Hill meeting.



## Targeting of Welfare to Work Funds<sup>1</sup>

	House Ways and Means	House Education & Workforce	House Republican Plan	Senate
% of Funds to be Spent on Target Group	90%	90%	70%	90%
Criteria	<p>Have received assistance at least 30 months <i>OR</i> are within 12 months of reaching time limit</p> <p><i>AND</i> meet at least two of the following criteria:</p> <ul style="list-style-type: none"> <li>• lack HS diploma and GED, <i>AND</i> lack basic reading and math skills</li> <li>• require substance abuse treatment for employment</li> <li>• have a poor work history</li> </ul>	<p>Have received assistance at least 30 months <i>OR</i> are within 12 months of reaching time limit</p> <p><i>OR</i> meet at least two of the following criteria:</p> <ul style="list-style-type: none"> <li>• lack HS diploma and GED, <i>AND</i> lack basic reading and math skills</li> <li>• require substance abuse treatment for employment</li> <li>• have a poor work history</li> </ul>	<p>Have received assistance at least 30 months <i>OR</i> are within 12 months of reaching time limit</p> <p><i>AND</i> meet at least two of the following criteria:</p> <ul style="list-style-type: none"> <li>• lack HS diploma and GED <i>AND</i> lack basic reading and math skills</li> <li>• require substance abuse treatment for employment</li> <li>• have a poor work history</li> </ul>	<p>Have received assistance at least 30 months <i>OR</i> are within 12 months of reaching time limit</p> <p><i>OR</i> meet at least two of the following criteria:</p> <ul style="list-style-type: none"> <li>• lack HS diploma and GED <i>AND</i> lack basic reading and math skills</li> <li>• require substance abuse treatment for employment</li> <li>• have a poor work history</li> </ul>
Projected Percent of Average Monthly Adult Caseload Meeting Criteria <sub>2</sub>	18%	76%	18%	76%
Projected Average Monthly Adult Cases Meeting Criteria (in 1000s) <sup>3</sup>	610	2,610	610	2,610
Percent of Funds Remaining for Nontargeted Group	10%	10%	30%	10%
Use of Remaining Funds	Not Specified	Not Specified	Entities urged to focus funds on recipients with characteristics related to long-term dependence such as school dropout, teen pregnancy, or poor work history, and use funds to provide job search or work experience as condition of receipt.	Not Specified

WR - WR-to-work legislation

<sup>1</sup> Characteristics of AFDC caseload and distribution of time on welfare based on QC 1995 and NLSY data reflecting prior law. These numbers do not reflect changes in the composition of the caseload that may result from changes under current law.

<sup>2</sup> Represents the percentage in the year 2000. The percentage that would meet the criterion of receiving assistance for more than 30 months would be slightly lower in earlier years, due to lack of complete historical data on total length of spell prior to TANF.

<sup>3</sup> Based on a projected average monthly caseload of 4.0 million cases, the caseload ending March 1997. The number of cases shown meeting the criteria is the average number in a given month. The total number meeting the criteria over the year would be about 1.25 times this number, or 760 thousand cases for the House Ways and Means and the House Republican Plans, and 3.3 million cases for the House Education and Workforce and the Senate Plans.

**Alternative Targeting of Welfare to Work Funds<sup>1</sup>**

	Alternative #1	Alternative #2
Criteria	<p>Have received assistance at least 30 months <i>OR</i> are within 12 months of reaching time limit</p> <p><i>AND</i> meet at least two of the following criteria:</p> <ul style="list-style-type: none"> <li>• lack HS diploma and GED,</li> <li>• lack basic reading and math skills</li> <li>• require substance abuse treatment for employment</li> <li>• have a poor work history</li> </ul>	<p>Have received assistance at least 30 months <i>OR</i> are within 12 months of reaching time limit</p> <p><i>AND</i> meet at least two of the following criteria:</p> <ul style="list-style-type: none"> <li>• lack HS diploma and GED, <i>OR</i> lack basic reading and math skills</li> <li>• require substance abuse treatment for employment</li> <li>• have a poor work history</li> </ul>
Projected Percent of Average Monthly Adult Caseload Meeting Criteria <sup>2</sup>	38%	36%
Projected Average Monthly Adult Cases Meeting Criteria (in 1000s) <sup>3</sup>	1,320	1,240

<sup>1</sup> Characteristics of AFDC caseload and distribution of time on welfare based on QC 1995 and NLSY data reflecting prior law. These numbers do not reflect changes in the composition of the caseload that may result from changes under current law.

<sup>2</sup> Represents the percentage in the year 2000. The percentage would be slightly lower in earlier years, because the data measuring total time on AFDC would not cover all 30 months for some cases. Also, this does not include cases within 12 months of a time limit, unless these cases were already counted under other criteria. The full effects of the time limit criterion are currently being estimated.

<sup>3</sup> Based on a projected average monthly caseload of 4.0 million cases, the caseload ending March 1997. The number of cases shown meeting the criteria is the average number in a given month. The total number meeting the criteria over the year would be about 1.25 times this number, or 1.7 million cases under Alternative 1 and 1.6 million cases under Alternative 2.

## Performance Bonus Amendment

### Option 1: Governors award performance bonuses

[NOTE: All three bills have the following section to which the amendment would apply. The replacement text changes the use of funds for the Governor's 15% reserve of State formula funds.]

In section 403(a)(5)(A) of the Social Security Act, as proposed to be added by section 9001/5001, replace section (a) (vi) (III) with the following:

(III) PLACEMENT OF INDIVIDUALS IN UNSUBSIDIZED JOBS. -- The Governor of a State to which a grant is made under this subparagraph shall reserve not more than 15 percent of the total amount allotted to the State under section (a) (iii) for a fiscal year (plus any amount required to be distributed under this subclause by reason of subclause (II)) for performance bonuses and for projects that encourage the placement of required beneficiaries into unsubsidized, long-term employment.

“(aa) PERFORMANCE BONUS. -- Of the amount reserved by the Governor under subparagraph (III), not less than 50 percent of the total amount shall be used for performance bonus awards in each of fiscal years 1999 and 2000 to service delivery areas that --

(1) identify the required beneficiaries (as defined in sec. (a) (5) © (ii)) who will be served and the goal for placing such individuals in unsubsidized employment; and

(2) demonstrate to the Governor's satisfaction the placement and retention of such required beneficiaries in unsubsidized employment lasting not less than nine months.

(3) Governor awards. In each of fiscal years 1999 and 2000, the Governor shall award bonuses to the top 25 percent of service delivery areas that meet or exceed their goals for placing required beneficiaries in unsubsidized employment, taking into account the specific economic characteristics of the service delivery area. In a State with four or fewer service delivery areas, the Governor shall award a bonus to the best performer.

(4) Amount of awards. The Governor shall determine an award amount that reflects the relative success of service delivery areas that qualify for a performance bonus.

(5) Use of amounts. A service delivery area that receives a performance grant may use the funds made available through the grant to carry out any of the allowable activities authorized under this title.

“(bb) PROJECTS TO HELP LONG-TERM RECIPIENTS OF ASSISTANCE INTO THE WORK FORCE. -- Of the amount reserved by the Governor under subparagraph (III), not

more than 50 percent of the total amount may be used for projects that appear likely to help long-term recipients of assistance under the State program funded under this part (whether in effect before or after the amendments made by section 103(a) of the Personal Responsibility and Work Opportunity Reconciliation Act first applied to the State) enter the workforce.

**[Note: The (bb) section currently appears in each bill. We have modified it to restrict its claim on Governor's reserve funds from 100 percent to 50 percent of the total.]**

**Option 2: Secretary awards bonus for performance**

**2(a) Performance bonus for formula grants.**

Sec. 5001 (a) is amended to add a new paragraph (H), and redesignate existing paragraphs (H), (I), and (J) as (I), (J), and (K), respectively.

“(H) PERFORMANCE BONUS. --

“(I) IN GENERAL. -- The Secretary, in consultation with the Secretary of Health and Human Services, shall award performance bonuses in accordance with this subparagraph to eligible applicants in accordance with their success in placing required recipients into long-term, unsubsidized employment.

“(ii) FUNDING. -- \$xxx,000,000 [an amount to equal the Governors’ bonus funds, to be determined by the formula/competitive grant split] of the amount specified in subparagraph (I) for fiscal year 2000 shall be reserved for use by the Secretary of Labor for performance bonuses to eligible applicants.

“(iii) ELIGIBLE APPLICANTS. As used in clause (I), the term ‘eligible applicant’ means a State or service delivery area that --

(aa) identifies the required beneficiaries to be served and the goal for placing such individuals in unsubsidized employment;

(bb) demonstrates to the Secretary’s satisfaction the placement and retention of such required beneficiaries in unsubsidized employment lasting not less than nine months.

“(iv) GRANT AWARDS. -- The Secretary shall award a performance bonus in fiscal year 2000 to the top 25 percent of eligible applicants that meet or exceed their goals for fiscal years 1998 and 1999 for placing required beneficiaries in unsubsidized employment, taking into account the specific economic characteristics of the State and service delivery area.

“(vi) USE OF AMOUNTS. -- A State or service delivery area that receives such a grant may use the funds made available to carry out any of the allowable activities authorized under this title.

**2(b) Performance bonus for competitive grants.**

In section 403(a)(5)(B) of the Social Security Act, as proposed to be added by section 9001(a), redesignate clauses (iv) and (v) as clauses (v) and (vi), respectively, and insert after clause (iii) the following:

“(iv) BONUS FOR MEETING PERFORMANCE GOALS. -- In the case of an applicant awarded a grant under this subparagraph who meets the performance goals prescribed under section 413(j)(3), the Secretary shall pay to the applicant --

“(I) 70 percent of the grant, in the fiscal year in which the award is made; and

“(II) 30 percent of the grant, in the immediately succeeding fiscal year.

“(III) FUNDING. -- For the payment of performance bonuses under this clause for a fiscal year, there shall be available to the Secretary an amount equal to the sum of --

“(aa) any amount reserved pursuant to subparagraph (F) for the immediately preceding fiscal year that has not been obligated; and

“(bb) any amount reserved for performance bonuses pursuant to subparagraph (iv) (III) that has not been obligated.

(IV) AVAILABILITY. -- Funds available for the payment of performance bonus under this clause shall remain available for expenditure until September 30, 2001, after which any remaining balance (whether obligated or unobligated) shall be canceled and thereafter shall not be available for obligation or expenditure for any purpose, including correction of errors or making adjustments of any kind.

In section 413(j) of the Social Security Act, as proposed to be added by section 9001/5001(e) --

(1) strike “and” at the end of paragraph (1);

(2) strike the period, the close quotation marks, and the following period at the end of paragraph (2) and insert “; and” and

(3) add at the end of the following:

“(3) shall prescribe performance goals for States to which funds are provided under section 403(a)(5), which goals shall include the rate at which required beneficiaries are placed in unsubsidized employment lasting not less than nine months.



Comparison of Welfare-to-Work Legislation

7/8/97 Internal Draft

	<b>Our Position</b>	<b>House Ways and Means</b>	<b>House Ed &amp; Workforce</b>	<b>House GOP Compromise</b>	<b>Senate Finance</b>
<b>Administering Federal Agency</b>	Labor	Labor	Labor	Labor	HHS
<b>Local Agency administering formula funds</b>	PICs	PICs	PICs	PICs	TANF (welfare) agency
<b>Funding: Percent Formula/Competitive</b>	50% formula, 50% competitive	50% formula, 50% competitive	95% formula, 5% competitive	90% formula, 10% competitive	75% formula, 25% competitive
<b>Allowable activities</b>	If community service/work experience allowed, add limiting language ensuring goal is private sector job	Private and public sector job creation through wage subsidies, on-the-job training, contracts and vouchers for readiness, job placement and post-employment services and job support services provided through other means.	Similar to Ways and Means	Same as Ways and Means, except that community service/work experience is added as an allowable activity	Same as Ways and Means
<b>Performance bonus</b>	Keep, but strengthen, performance bonus	None	None	None	\$100 million (3 percent of total dollars)
<b>Funding: Allocation of formula dollars to States</b>	Prefer Ways and Means. If small state minimum included, try to lower to .25% like JTPA	Based on poverty, TANF, unemployed populations. No small state minimum.	Based on poverty and TANF populations. No small state minimum.	Based on poverty and TANF populations. No small state minimum.	Based on poverty, TANF, unemployed populations. Small state minimum of 0.5%.

	<b>Our Position</b>	<b>House Ways and Means</b>	<b>House Ed &amp; Workforce</b>	<b>House GOP Compromise</b>	<b>Senate Finance</b>
<b>Funding: Allocation of formula dollars <u>within</u> State</b>	Prefer Ways and Means, but use excess poverty factor of 7.5% instead of 5% to better target dollars to poor areas.	85% to PICs by formula, at least half of that according to excess poverty (# of poor individuals that exceeds 5% of population); 15% at Governor's discretion.	Same as Ways and Means	Same as Ways and Means	85% among political subdivisions with above-average poverty and unemployment rates, at least half of that according to poverty.
<b>Inter-Agency Coordination of formula dollars</b>	Prefer Ways and Means; ensure that remitted funds stay in state	PICs and local TANF agency must have agreement; Funding shall remit to the Secretary of Labor if PICs and TANF don't adhere to agreement.	No provision.	PICs and local TANF agency must have agreement; Funding shall remit to the Governor if PICs and TANF don't adhere to agreement.	Local TANF agency and entity operating a project must have agreement; Funding shall remit to HHS Secretary if agreement not adhered to.
<b>Allocation of competitive dollars</b>	Ways and Means	65% set-aside for grants for spending in cities that are among the 100 with the largest poverty populations, 25% set-aside for rural areas.	No set-asides (competitive/demonstration dollars are only 5% of total WTW funds)	65% 100-city and 25% rural set-aside, but of much smaller competitive pool (10 percent of total).	30% rural set-aside; no city set-aside.

	<b>Our Position</b>	<b>House Ways and Means</b>	<b>House Ed &amp; Workforce</b>	<b>House GOP Compromise</b>	<b>Senate Finance</b>
<b>Eligible Individuals</b>	Prefer House GOP Compromise; have alternatives which would limit program to 36% or 38% of caseload	90% of funds: 1) received assistance for 30 months <u>or</u> are within 12 months of time limit; <u>and</u> 2) Has two of: a)Low skills and no high school diploma; b)Requires substance abuse treatment; c)Has poor work history (18% of caseload)	90% of funds: 1) received assistance for 30 months <u>or</u> are within 12 months of time limit; <u>or</u> 2) Has two of: a)Low skills and no high school diploma; b)Requires substance abuse treatment; c)Has poor work history (76% of caseload)	70% of funds: 1) received assistance for 30 months <u>or</u> are within 12 months of time limit; <u>and</u> 2) Has two of: a)Low skills and no high school diploma; b)Requires substance abuse treatment; c)Has poor work history (18% of caseload)	90% of funds: 1) received assistance for 30 months <u>or</u> are within 12 months of time limit; <u>or</u> 2) Has two of: a)Low skills and no high school diploma; b)Requires substance abuse treatment; c)Has poor work history (76% of caseload)
<b>State Maintenance of Effort Requirements</b>	House Ways and Means	States must meet 80% maintenance of effort	States must meet TANF maintenance of effort (75% if meeting work participation rates; 80% otherwise)	States must meet TANF maintenance of effort (75% if meeting work participation rates; 80% otherwise)	States must meet TANF maintenance of effort (75% if meeting work participation rates; 80% otherwise)

WR - WR-to-work  
legislation

**Welfare-to-Work Conference Issues**  
**7/8/97**

1. Tentative Member Issues\*

- Administering agency and inter-agency coordination
- Allocation of funds between competitive grants and formula grants
- Details of competitive grant funds (setaside for rural areas, 100 poorest cities)
- Use of funds/allowable uses
- Worker protections (displacement, discrimination, grievance)
- Minimum wage calculations
- State maintenance of effort requirements

2. Tentative Staff Issues\*

- Performance bonus
- Appropriation of funds by year
- Distribution of formula funds within states
- Eligible individuals

3. Identical (or close) House and Senate Provisions\*

- Purpose
- Matching requirements
- Grants to Indian tribes
- Grants to territories/outlying areas
- Interaction with TANF
- Evaluation

\* As stood at end of 7/2/97 Hill meeting.

WELFARE-TO-WORK GRANTS

*Welfare grants*

*Haskins sidebar 7/2/97*

Provision	Current Law	House	Senate
<b>Purpose</b>	The 1996 welfare reform law combined recent Federal funding levels for three repealed programs-- AFDC, Emergency Assistance, and JOBS--into a single block grant for Temporary Assistance for Needy Families (TANF). The TANF grant equals \$16.5 billion annually through Fiscal Year 2002. The law also provides an average of \$2.3 billion annually in a child care block grant. Each State is entitled to the sum it received for AFDC, EA, and JOBS in a recent year, but no part of the TANF grant is earmarked for any program component, such as benefits or work programs.	Provides \$3 billion to States and localities for additional resources to support welfare-to-work (WTW) efforts.	Same as House.
<b>Administering Agency</b>	No provision. However, HHS has limited authority over the TANF block grant program, especially in the setting of penalties for States that fail to comply with program requirements and in conducting evaluations of State performance in meeting program goals.	The WTW block grant would be administered by the Department of Labor in consultation with the Secretary of HHS and the Secretary of HUD.	The WTW block grant would be administered by the Secretary of HHS.

*File: WP - WP-to-work legislation*

*From Haskins' July 2 conference meeting.  
Eben*

Provision	Current Law	House	Senate
<b>Inter-Agency Coordination</b>	No provision.	<p><u>Formula Grants:</u></p> <ul style="list-style-type: none"> <li>■ Administered by agency supervising State TANF program or another agency designated by the Governor.</li> <li>■ Plans must be approved by State TANF agency, and (if different) by the agency that will administer the grant.</li> <li>■ Private Industry Councils have sole authority for expenditures in SDAs under the 85% portion of the non-competitive funds, in coordination with the chief elected official of the SDA and pursuant to an agreement with the agency responsible for administering TANF in the SDA.</li> <li>■ If the Governor determines that a PIC and the agency responsible for administering TANF in the SDA are not adhering to their agreement, funding shall be remitted to the Governor, who shall distribute the funds the following fiscal year, pursuant to the sub-State formula.</li> </ul> <p><u>Competitive Grants:</u></p> <ul style="list-style-type: none"> <li>■ Proposals must be approved by State TANF agency.</li> </ul>	<p><u>Formula Grants:</u></p> <ul style="list-style-type: none"> <li>■ Same as House</li> <li>■ Plans must be approved by State TANF agency.</li> <li>■ Not applicable.</li> </ul> <p>■ If the Secretary of HHS determines that an entity operating a project and the agency responsible for administering the State TANF program are not adhering to their agreement, funding shall be remitted to the Secretary.</p> <p><u>Competitive Grants:</u></p> <ul style="list-style-type: none"> <li>■ Same as House. In addition, if the Secretary of HHS determines that an entity operating a project and the agency responsible for administering the State TANF program are not adhering to their agreement, funding shall be remitted to the Secretary.</li> </ul>

Provision	Current Law	House	Senate
<b>Appropriation and Distribution of Funds</b>	No provision.	<p>Total of \$3 billion in funds in divided among States:  Fiscal Year 1998 ..... \$1.5 billion  Fiscal Year 1999 ..... \$1.5 billion</p> <p>Funds distributed 90% by formula to States and 10% to PICs or political subdivisions of States through a competitive grant process (see below).</p> <p>1% set-aside each year for Indian tribes that choose to run their own program.</p> <p>0.5% set-aside each year for evaluations through HHS.</p> <p>Funds not expended within 3 years must be returned.</p>	<p>Total of \$3 billion in funds in divided among States:  Fiscal Year 1998 ..... \$0.75 billion  Fiscal Year 1999 ..... \$1.25 billion  Fiscal Year 2000 ..... \$1.00 billion</p> <p>Funds distributed 75% by formula to States and 25% to political subdivisions of States through a competitive grant process (see below).</p> <p>Same as House.</p> <p>Same as House.</p> <p>Same as House.</p>
<b>Matching Requirements</b>	No provision.	<p>States must meet 33% match requirement for non-competitive grants. States that do not fully expend the estimated State share of welfare-to-work funds will have their TANF grants reduced by the difference the following year.</p> <p>No match specified for Indian tribes.</p>	<p>States must meet 33% match requirement for non-competitive funds.</p> <p>Same as House.</p>
<b>Prior State Spending Requirements</b>	States are required to maintain their own spending for TANF-eligible families at 75 percent of their "historic" level (Fiscal Year 1994 spending on the replaced programs and AFDC-related child care), and, under penalty of loss of funds, they must achieve specified work participation rates.	States must meet TANF Maintenance of Effort requirement.	States must meet 75% Maintenance of Effort requirement under TANF.

*Just Lora?  
needs 25%*

Provision	Current Law	House	Senate
<b>Allocation of Formula Funds to States</b>	No provision.	<p>90% of appropriated funds (after subtracting set-asides for Indian tribes and evaluation) goes to States with approved State welfare-to-work plans allocated on the basis of each State's average of the following:</p> <ul style="list-style-type: none"> <li>■percent of U.S. poverty population;</li> <li>■percent of U.S. adults receiving TANF assistance.</li> </ul>	<p>75% of appropriated funds (after subtracting set-asides for Indian tribes and evaluation) goes to States with approved State welfare-to-work plans allocated on the basis of each State's average of the following:</p> <ul style="list-style-type: none"> <li>■percent of U.S. poverty population;</li> <li>■percent of U.S. adults receiving TANF assistance;</li> <li>■percent of U.S. unemployed.</li> </ul> <p>A small State minimum of 0.5% of appropriated funds (after subtracting set-asides for Indian tribes and evaluation) will apply.</p>
		<p>The Secretary of Labor, in consultation with the Secretary of HHS and the Secretary of HUD, determines whether States meet the following criteria as a welfare-to-work State:</p> <ul style="list-style-type: none"> <li>■submit a plan as an addendum to their TANF State plan (including a description of how welfare-to-work funds will be used, the sub-State distribution formula, and evidence that the plan was developed through a collaborative process that, at minimum, included sub-State areas and approved by the State TANF agency <i>AND</i>, if different, by the agency that will administer the grant)</li> <li>■provide an estimate of State spending</li> <li>■agree to negotiate with the Secretary of HHS on the substance of and cooperate with the conduct of an evaluation</li> <li>■be an eligible TANF State for the fiscal year</li> <li>■meet the Maintenance of Effort requirements under TANF.</li> </ul>	<p>The Secretary of HHS determines whether States meet the following criteria as a welfare-to-work State:</p> <ul style="list-style-type: none"> <li>■submit plan as an addendum to their TANF State plan (including a description of how welfare-to-work funds will be used, the sub-State distribution formula, and evidence that the plan was developed in consultation with sub-State areas and approved by the State TANF agency)</li> <li>■certify that State intends to meet the 33% match</li> <li>■same as House</li> <li>■same as House</li> <li>■meet at least 75% Maintenance of Effort requirements under TANF.</li> </ul>



<b>Provision</b>	<b>Current Law</b>	<b>House</b>	<b>Senate</b>
<b>Distribution of Formula Funds Within States</b>	No provision.	Within each State, 85% of formula funds to be distributed to service delivery areas (SDAs) based on a formula comprised of the number of individuals below poverty that exceeds 5 percent of the population in SDA (must account for at least 50% of formula).	Within each State, at least 85% of formula funds to be distributed to political subdivisions based on a formula comprised of the number of individuals below poverty in political subdivision (must account for at least 50% of formula).
		Additionally, States may incorporate either or both of the following for the remaining 50% of the formula: <ul style="list-style-type: none"> <li>■ number of adults receiving TANF assistance in SDA for 30 months or more (whether or not consecutive)</li> <li>■ number of unemployed residents in SDA.</li> </ul>	Same as House, except calculations made for political subdivisions.
		Grants to SDAs have a minimum threshold of \$100,000; in lieu of distributing lesser amounts, unused funds as a result of this threshold would go into the 15% fund (see below).	Same as House, except calculations made for political subdivisions.
		Within each State, up to 15% of non-competitive funds can be distributed by the Governor to projects that help move long-term recipients into work. Unused funds as a result of the \$100,000 threshold would be added to this fund.	Same as House.
<b>Performance Bonuses</b>	No provision. However, the welfare reform law provides a total of \$1 billion in Federal performance bonus funds through 2003 for States that are successful in meeting the goals of the TANF block grant, including ending the dependence of needy parents on government assistance by promoting job preparation and work.	No provision.	\$100 million of Fiscal Year 1999 funds are to be reserved and added to the High Performance Bonus under TANF in Fiscal Year 2003 for welfare-to-work States that are most successful in increasing the earnings of long-term welfare recipients or those at risk of long-term welfare dependency.

Provision	Current Law	House	Senate
<b>Competitive Grant Funds for Private Industry Councils and Political Subdivisions of States</b>	No provision.	10% of welfare-to-work funds (after subtracting set-asides for Indian tribes and evaluation) goes to establish competitive grants. Eligible applicants are PICs or political subdivisions of States.	25% of welfare-to-work funds (after subtracting set-asides for Indian tribes and evaluation) goes to establish competitive grants to political subdivisions of States. Eligible applicants are political subdivisions of States or community action agencies, community development corporations, and other non-profit organizations with demonstrated effectiveness in moving recipients into the work force. <i>(Note: For-profit organizations also may be eligible to compete for these funds.)</i>
		Grants must be sufficient to ensure a reasonable opportunity for success.	Same as House.
		Not less than 65% of competitive funds will be available for grants among the 100 cities in US with the highest number of individuals in <u>poverty</u> .	No provision. <i>Very - no limitation - R or D city not make "b" cities get how much attention</i>
		Not less than <u>25%</u> of competitive funds will be available for grants in rural areas with populations less than 50,000.	Not less than <u>30%</u> of competitive funds will be available for grants in rural areas with populations less than 50,000.
		Grants based on: <ul style="list-style-type: none"> <li>■ the likelihood of project's effectiveness in expanding the base of knowledge about welfare-to-work programs for the least job ready, moving the least job ready into the labor force, and moving the least job ready into the labor force even in labor markets with a shortage of low-skill jobs</li> <li>■ at the Secretary's discretion, other factors may be considered: the applicant's success in addressing multiple barriers, ability to leverage other resources, use of State or local resources that exceed the required match, plans to coordinate with other organizations, or use of current or former recipients as mentors, case managers or providers.</li> </ul>	Same as House.

<b>Provision</b>	<b>Current Law</b>	<b>House</b>	<b>Senate</b>
<b>Grants to Indian Tribes</b>	No provision.	<p>1% of appropriated funds goes to Indian tribes with welfare-to-work plans, in such amounts as the Secretary deems appropriate.</p> <p>An Indian tribe shall be considered a welfare-to-work tribe if it meets the following criteria:</p> <ul style="list-style-type: none"> <li>■ submit a plan in the form of an amendment to the tribal family assistance plan, if any, (including a description of how welfare-to-work funds will be used)</li> <li>■ provide an estimate of tribal spending</li> <li>■ agree to negotiate in good faith with the Secretary of HHS on the substance of and cooperate with the conduct of an evaluation.</li> </ul>	<p>Same as House.</p> <p>Same as House.</p>
<b>Grant to Territories/ Outlying Areas</b>	Total Federal funding to the territories (Puerto Rico, U.S. Virgin Islands, and American Samoa) for TANF is limited to specified dollar amounts. These limits were raised effective October 1, 1996. Territories may receive TANF funds in addition to their family assistance grant on a matching basis to take advantage of their increased caps.	Welfare-to-work funds to territories do not count against their Title IV-A funding cap.	Same as House, except refers to "outlying areas" instead of "territories."

Provision	Current Law	House	Senate
Use of Funds	No provision.	<p>Funds can be used to move TANF recipients and noncustodial parents of any minor who is a recipient into the work force through the following:</p> <ul style="list-style-type: none"> <li>■ the conduct and administration of community service or work experience programs</li> <li>■ job creation through public or private wage subsidies</li> <li>■ on-the-job training</li> <li>■ contracts (through public or private providers) for job readiness, placement or post-employment services</li> <li>■ vouchers for job readiness, placement or post-employment services</li> <li>■ job retention or support services, if not otherwise available.</li> </ul> <p>PICs cannot use funds to provide direct services.</p> <p>Funds:</p> <ul style="list-style-type: none"> <li>■ are subject to the 15% cap on administrative costs</li> <li>■ may be used for public or private job placement agencies, and</li> <li>■ may be used to fund Individual Development Accounts.</li> </ul> <p>Funds cannot be used to:</p> <ul style="list-style-type: none"> <li>■ satisfy matching requirements under other programs</li> <li>■ displace current workers or violate collective bargaining agreements.</li> </ul>	<p>Funds can be used to move TANF recipients and noncustodial parents of any minor who is a recipient into the work force through the following:</p> <ul style="list-style-type: none"> <li>■ no provision</li> <li>■ same as House</li> <li>■ same as House</li> <li>■ same as House</li> <li>■ same as House</li> <li>■ job support services (excluding child care) if not otherwise available.</li> </ul> <p>No provision.</p> <p>Same as House.</p> <p>Same as House.</p>

Provision	Current Law	House <i>Republican</i>	Senate
<b>Eligible Individuals</b>	No provision.	<p><i>70%</i> of funds must be expended on TANF recipients who have received assistance for at least 30 months (whether or not consecutive); <i>OR</i> who are within 12 months of reaching the time limit; <i>AND</i> meet at least two of the following criteria:</p> <ul style="list-style-type: none"> <li>■ are not HS graduates or do not have GED <i>and have low skills in reading and math</i></li> <li>■ require substance abuse treatment for employment</li> <li>■ have a poor work history.</li> </ul> <p>(the Secretary shall prescribe regulations necessary to interpret these criteria).</p> <p>An entity that operates a welfare-to-work project is urged to expend up to 30% of funds for programs that require TANF recipients with characteristics associated with long-term dependence (such as school dropout, teen pregnancy, or poor work history) to participate in job search or work experience as a condition of receiving assistance.</p>	<p>90% of funds must be expended on TANF recipients who have received assistance for at least 30 months (whether or not consecutive); <i>OR</i> who are within 12 months of reaching the time limit; <i>OR</i> meet at least two of the following criteria:</p> <ul style="list-style-type: none"> <li>■ same as House</li> <li>■ same as House</li> <li>■ same as House.</li> </ul>
<b>Interaction with TANF</b>	No provision.	<p>Assistance to individuals from welfare-to-work funds is not counted as TANF assistance and months that welfare-to-work assistance is received do not count toward TANF time limits.</p> <p>States must adopt plan as an addendum to their TANF State plan.</p> <p>States must be eligible TANF States for the fiscal year.</p>	<p>Same as House.</p> <p>Same as House.</p> <p>Same as House.</p>

*1 Month toward to table*

*all work - work = 15% and 29 fulltime and GED and 12 months*

*70%*

*e/w or 2 factors and GED*

*if the 15% if for 70%*

*although 70-80% included*

Provision	Current Law	House	Senate
Evaluation	No provision.	The Secretary of HHS must develop, in consultation with the Secretary of Labor, a plan to evaluate welfare-to-work grants.	Same as House.
		States must agree to negotiate with Secretary of HHS on the substance and cooperate with the conduct of an evaluation.	Same as House.
		0.5 percent of funds reserved for HHS evaluation.	Same as House.
		<p>The Secretary is urged to include the following measures:</p> <ul style="list-style-type: none"> <li>■ placements in the labor force and placements that last at least six months</li> <li>■ placements in the private and public sectors</li> <li>■ earnings of individuals who obtain employment</li> <li>■ average expenditures per placement.</li> </ul>	Same as House.
		The Secretary of HHS, in consultation with the Secretary of Labor and the Secretary of HUD, must report to Congress on the projects funded under the welfare-to-work program and on the evaluations of the projects. An interim report is due January 1, 1999, and a final report is due January 1, 2001.	Same as House.

## Welfare-to-Word [sic]

Targeting Welfare-to-Work Funding to Cities and Counties with Large Poverty Populations. The challenge of welfare reform -- moving welfare recipients into permanent, unsubsidized employment -- will be greatest in large urban centers, especially those with the highest number of adults in poverty. The Bipartisan Budget Agreement recognized this and provided that funds be allocated and targeted to areas with high poverty and unemployment. While both the House and Senate bills include formulas to target funds to these areas to some degree, the Ways and Means provision of the House bill best accomplishes this goal (of the three provisions in conference) through its division of funds between formula (50 percent) and competitive (50 percent); its formula grant sub-State allocation factors and method of administration; and its reserving of 65 percent of competitive grants for cities with large poverty populations. We urge the Conferees to adopt the Ways and Means proposal.

Local Program Administration. The Bipartisan Budget Agreement provided not only that welfare-to-work funds be targeted to high-poverty and high unemployment areas, but that a share of these funds would go to cities and counties. We strongly believe that cities and other local areas should manage a substantial amount of all welfare-to-work funds. These entities can most effectively move long-term welfare recipients into lasting unsubsidized employment that cuts or ends dependency. The House provisions recognize this and use existing structures to help accomplish this goal. We urge the Conferees to adopt these provisions.

(For Ruines letter)

W2 - W2-to-work legislation



Cynthia A. Rice

06/12/97 10:16:09 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP  
cc: Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP, Emil E. Parker/OPD/EOP  
bcc:  
Subject: Re: MOE 

You asked whether HHS <sup>W</sup>running numbers on how much states are required to spend at 80% and 75% MOE, and whether the new program is worth their while. HHS had initially done these just for CA, but now at my request have done them for all states. In a nutshell they show:

In only 11 states would the welfare to work formula grant be larger than the cost of the state increasing its MOE from 75% to 80%. This assumes only half the \$3 billion is distributed by formula. The states that are helped are the poor, low benefit states: Alabama, Arkansas, Idaho, Kentucky, Louisiana, New Mexico, South Carolina, South Dakota, Tennessee, Texas, and West Virginia. If 100% of funds were distributed by formula, then in all but 16 states, the welfare to work grant would be higher than the cost of the state raising its MOE from 75% to 80%.

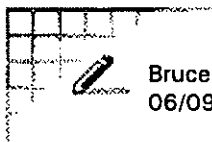
If one assumes that all states are at 75% MOE when these funds become available, then it is clear that some states may forfeit their formula funds rather than increase their MOE. That is not necessarily a bad outcome, however, because funds not obligated return to the fund to be distributed the next year. In other words, if wealthier states forfeit their funds, they'll be more funding available for poorer states the next year -- thus a higher MOE helps target funds to poor states.

But because HHS expects few states to meet the high participation rates required of two parent families (75% rising to 90% in 1999), nearly all states are expected to be required to spend 80% of historic state spending to obtain the full TANF block grant. Therefore, for a state already at 80%, the welfare to work formula money is definately "worth it."

There is another, possibly more difficult issue regarding the match. Why would a state put up a 33% match for funds that will flow directly to the locals? I think the state could require the locals to put up the match; but these are poor, local jurisdictions. There's some danger that some funds could go unspent because neither the state nor the locals are willing to put up the match. However, local buy-in is clearly important to creating good programs, so some kind of match is important. Perhaps some language could be added at a later date to give the Secretary the authority to waive the match in certain circumstances. We'll have to give that some thought.

Regarding your second question, I've asked for but not yet received the data.

Bruce N. Reed



Bruce N. Reed  
06/09/97 12:29:50 PM



Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc: Elena Kagan/OPD/EOP

Subject: MOE

Is HHS running numbers on how much states are required to spend at 80% and 75% MOE, and whether the new program is worth their while?

It would also be interesting to know which states, because of caseload drop, will be required to spend more on MOE in 1997 than they would have if the law hadn't passed.