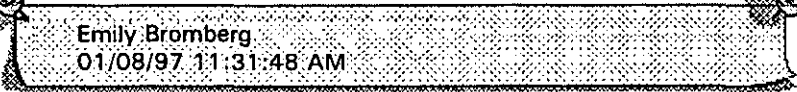


NLWJC - Kagan

DPC - Box 067 - Folder-006

Welfare-Welfare to Work



Emily Bromberg
01/08/97 11:31:48 AM

Record Type: Record

To: Kenneth S. Apfel/OMB/EOP, Elena Kagan/WHO/EOP
cc: FORTUNA_D @ A1 @ CD @ LNGTWY, Barry White/OMB/EOP
Subject: welfare to work

what;s the status of the welfare to work options paper? are we close to a decision? i've been getting lots of questions from mayors and govs about status of the proposal and the budget--and both groups will be seeing the POTUS soon (mayors next week at a breakfast and govs on feb 1). Please let me know. Thanks.

From: Kenneth S. Apfel on 01/08/97 11:42:24 AM

Record Type: Record

To: Emily Bromberg/WHO/EOP

cc: Elena Kagan/WHO/EOP, fortuna_d @ a1 @ cd @ Ingtwy, Barry White/OMB/EOP

Subject: Re: welfare to work 

I talked to Bruce and to Gene about this last night. We are no further along on details. The Budget will contain the same kind of language that we released in August. We will be working in January (and I bet February) to flush out the proposal. I'd tell the interested parties that we're still a ways away on this.



HOGAN_L @ A1
01/21/97 01:42:00 PM

Record Type: Record

To: Bruce N. Reed
cc: Elena Kagan, Kenneth S. Apfel
Subject: welfare to work meeting

Ken called a welfare-to-work meeting today. I told him I'd fill you in on the discussion.

The group spent some time debating the merits of different approaches, specifically:

- a) A targeted, work-based demonstrations approach either in full or as part of a competitive challenge model (The work-based demonstrations approach is what Judy Gueron is pushing, but I don't think it makes sense. I think the current welfare waivers offer enough work-based demonstrations, in particular with Wisconsin, Oregon and Virginia.)
- b) A job placement voucher proposal (As you know, this is my favorite but one for which there is little support.)
- c) A set of principles to be sent to the Hill (We couldn't get an actual discussion about what those principles should be, but reaction to sending principles was mixed.)

I suggested we put together an options memo for you and other senior staff outlining the demonstration and job placement proposals, and presenting several key principles on which the group agrees.

Ken is going to call you about this and about setting up a senior meeting to discuss the above.

From: DIMOND_P@A1@CD@LNGTWY
*To: SPERLING_G@A1@CD@LNGTWY
*cc: REED_B@A1@CD@LNGTWY
*cc: APFEL_K@A1@CD@LNGTWY
*cc: WHITE_B@A1@CD@LNGTWY
Date: 1/10/97 12:13pm
Subject: WTW
Gene,

For purposes of the principles that you may be sending up on the WTW Jobs Challenge and the WOTC, may I suggest a couple of sub-principles that I hope you will either think about including or be open to negotiating

1. WOTC -- enable non-profits who hire eligible recipients to sell the tax credit to corporations. This would do three good things: (1) put whatever power there is in the tax incentive for employment into the hands of non-profit as well as for-profit firms; (2) buys the support of all of the anti-poverty/pro-community coalition that is otherwise skeptical of all targeted tax credits; and (3) it provides major corporations (and investors) a way to participate in helping to make welfare reform work (in addition to their own hiring or asking their suppliers or investees to hire WTW participants.)

A great idea.

2. WTW Jobs Challenge -- use harder to employ rather than long-term as the general principle -- and be open to negotiating for a concentration of poverty criteria (like the 20% we are using for all other POTUS/VPOTUS community empowerment initiatives). The more I hear when speaking to groups and listening to their reactions -- business, community, welfare, mayors, etc -- the more I think that we could have biggest impact here on connecting those already isolated from labor markets by living in concentrated to job opening throughout local labor markets. If you can't go for this principle in Budget or State of the Union explicitly, at least be open to negotiating this as the eligibility principle for WTW Jobs Challenge (and for enhanced WOTC by adding living in 20% or more poverty concentration). If you implemented this principle, it could also have complementary spin-off effects if it helped break down isolation from labor market for all job-seekers who live in high-poverty pockets. We may have a unique opportunity to do this in labor markets where media unemployment rate in suburbs outside central cities is 4.5% and the Manpower job-placement types are contemplating opening offices in inner cities.

I'm not sure whether any of this will or should be reflected in description of budget or State of the Union....I leave that to you.

Paul

From: Kenneth S. Apfel on 02/20/97 06:40:06 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP

cc: Elena Kagan/OPD/EOP, Lyn A. Hogan/OPD/EOP

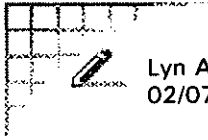
Subject: President's Remarks on WOTC

In reviewing the President's remarks at the Riverside Church in NYC on 2/18, my staff noted an inaccuracy in the characterization of the Administration's WOTC policy. This error was also made in the memo to the President on welfare caseload status. I wanted to clarify the WOTC budget proposals for the long-term welfare and food stamp "18 to 50s" populations to avoid any future confusion.

In addition to extending the base WOTC credit one year, the FY98 Budget includes two distinct WOTC proposals to target individuals affected by the welfare law:

- 1) **Enhanced WOTC Credit for Long-Term Welfare Recipients.** The current WOTC credit would be enhanced for long-term welfare recipients (not the "18-50s") for three years. The targeted enhancement would allow employers to claim a 50% credit on the first \$10,000 in wages per year, up to two years, for each worker hired who was once a long-term welfare recipient. In addition, employers can claim the cost of child care, health care, and training as wages for the purpose of the credit.
- 2) **Expand the Base WOTC Credit to Include the "18-50s"** In addition, WOTC would be expanded to make a new population eligible for the existing base credit for the next three years. (The WOTC base credit offers employers a 35% credit on the first \$6,000 in wages for one year.) Employers could claim the WOTC credit for hiring able-bodied childless adults aged 18-50 who are subject to a rigorous work requirement under the Administration's food stamp legislative proposal in the Budget. However, these employers would not be eligible for the same *enhanced* credit available to employers who hire long-term welfare recipients -- as is suggested by the quotation in attached article. Last week, I mentioned to you that I thought that the Budget provided this "18-50s" group the enhanced credit; that is incorrect.

} can do
- for
anyone
- else?



Lyn A. Hogan
02/07/97 03:38:49 PM

Record Type: Record

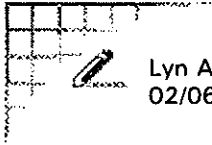
To: Bruce N. Reed/OPD/EOP
cc: Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP
Subject: That Darn WTW Plan

Bruce,

Given the Ways and Means hearings scheduled for next week, I'm beginning to get more calls on the WTW plan. I know you don't plan on sending it to Congress, but I'm not sure what you want me to tell people. Rep. Levin called today and wants to know why it has been so delayed --he thinks it is because there is a big fight between the Governors and the Mayors.

I basically told him that the budget calls for money to go to states, cities and localities to help put hard-to-place welfare recipients to work and that the money would supplement TANF funds. I gave him a couple of examples of different welfare to work programs. He pushed on the delay, so I told him I wasn't sure and he should talk to you (sorry -- but I don't want to say the wrong thing on this!).

I'm sure we'll get a lot more questions on this next week. What's the answer?



Lyn A. Hogan
02/06/97 12:30:21 PM

Record Type: Record

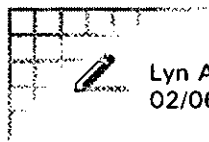
To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Diana Fortuna/OPD/EOP

Subject: The \$3.3 billion WTW Plan

Do you know yet if we are going to release the WTW plan, rework it, send up principles to the Hill, or something else? Since the SOTU, I've been fielding a flood of calls on this from both the agencies and outside people/groups. I've managed to avoid saying much of anything on it, but outside pressure for definitive direction from the Administration is mounting. Also, many folks are proceeding on the assumption that what was released at the Convention is the plan, and they are mounting their attacks accordingly (particularly two of our favorites: Bob Greenstein and Wendall Primus).

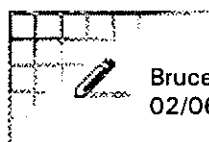
Any advice?

 Lyn A. Hogan
02/06/97 01:37:01 PM


Record Type: Record

To: Elena Kagan/OPD/EOP
cc:
Subject: Re: The \$3.3 billion WTW Plan

----- Forwarded by Lyn A. Hogan/OPD/EOP on 02/06/97 01:34 PM -----

 Bruce N. Reed
02/06/97 01:00:51 PM

Record Type: Record

To: Lyn A. Hogan/OPD/EOP
cc:
Subject: Re: The \$3.3 billion WTW Plan 

I don't mind attacks from Bob and Wendell; that will help. I need to sit down with Ken and Gene soon. But I'm adamant that we not send up a bill. We should look at the blue dog bill and see if we can live with it. They're giving mayors 20% of the money.

To: Bruce Reed cc: Elena Kagan
From: Lyn Hogan Diana Fortuna
Date: February 20, 1997
Re: Stenholm/Tanner Welfare Reform Proposals

Stenholm/Tanner are proceeding on two separate welfare reform tracks: 1) a Blue Dog Coalition budget proposal, and 2) non-coalition welfare reform legislation sponsored by Stenholm and Tanner.

Blue Dog Budget

Some time next week (week of 2/24) the Blue Dog group will release its budget which will include a \$3.6 billion set aside reserve fund for broadly defined welfare to work activities. States will receive these funds *only if* they need extra money to meet the work requirements.

Stenholm/Tanner Bill

Shortly after the Blue Dogs release their budget, Stenholm and Tanner will introduce separate free standing welfare reform legislation. The legislation will likely be three part: 1) the welfare to work proposal you've seen, 2) food stamps for 18-50 year olds, and 3) a phase-out of the dependent care tax credit for higher income folks in favor of a refundable tax credit for those in lower-income brackets. However, the welfare to work language would represent the crux of the proposal.

Political Outlook

Stenholm and Tanner haven't shopped the welfare to work legislation around yet, but they have had some general and positive conversations with Democrats and Republicans including Johnson, Morella, Castle, Ramstad, and Greenwood. They have also had positive preliminary discussions with Govs. Carper and Bush. The Stenholm/Tanner strategy for both the budget and the legislation is to force governors to both ask for this money and to drum up support for it.

There are no other major welfare to work proposals in the House or Senate. Daschle's office (Grace) has not designed specific legislation but is happy to work with both the White House and Tanner/Stenholm and is waiting for direction from us.

Summary of Stenholm/Tanner Welfare to Work Proposal

- \$3.6 billion over five years for private sector-based welfare to work programs to be administered through a public-private partnership.

- Eighty percent of the funds would be distributed to states, 20 percent in grants to cities and communities.

States

- A state may apply for funds if: the state meets some general state plan requirements; if total state spending on work programs in the prior fiscal year exceeded state spending on JOBS programs in FY 1996; if a state certifies it needs additional funds to meet the TANF work requirements; and if a state has met its program performance goals in the prior year or has a corrective actions planned.
- Seventy percent of state funds would be allocated based on the state percentage of the national TANF and food stamp caseloads covered by work requirements.
- States would receive \$2,000 for each projected job placement
- A 20 percent state match would be required for the basic funds only (not performance funds).
- Thirty percent of the state funds would be paid based on performance measures including the unemployment rate in the area of placement, the length of time a person has been on assistance, barriers to employment, and earnings of the person placed. No state match is required.
- Funds may be used for job placement vouchers; contracts with placement agencies or public job placement programs; work supplementation in private sector jobs; job creation; microenterprise, and; support services for the first six months of employment.

Grants to Cities and Communities

- The Secretary of HHS may make grants to communities for innovative welfare to work programs that move welfare recipients into private sector work.
- Grants up to \$10,000,000 will be awarded on a competitive basis in a way that will leverage private funds as well as state and local resources.
- Preference will be given to organizations which receive more than 50

percent of their funding from the state government, local government or private sources.

- Twenty percent of the funds will go to cities with populations greater than 1,000,000; 25 percent to cities with populations between 250,000 and 1,000,000; and 25 percent to cities with populations under 250,000.



DEPARTMENT OF HEALTH & HUMAN SERVICES

Melissa T. Skolfield

Assistant Secretary for Public Affairs

Phone: (202) 690-7850 Fax: (202) 690-5673

To: Eena Kagan
DPC

Fax: 456-7028 Phone: 456

Date: 2/7/97 Total number of pages sent: _____

Comments:

Here's the O & A Rich is trying to get cleared as Admin policy (through Bruce & Ken I gather).

Any way to get it cleared today so she can say it on Evans & Norak tomorrow?

Let me know -
-thank.

m.

200 Independence Avenue, S.W., Bldg. HHH, Room 647-D, Washington, D.C. 20201

STATUS OF WELFARE-TO-WORK INITIATIVE

QUESTION:

In August of last year, the President announced a Welfare-to-Work Initiative -- what is the status of that initiative?

ANSWER:

In August, the President announced a welfare-to-work initiative to create jobs for welfare recipients and provide resources to states, cities, and counties to help them move hard-to-place welfare recipients into work. As part of this initiative, the President issued a CEO Challenge to private industry to create jobs for welfare recipients. The President's FY98 budget incorporates this initiative, which has three major components. The Administration is developing a proposal that is consistent with what the President announced last August. Details of the proposal will be available in the early spring.

Targeted Welfare to Work Tax Credit: an expanded Work Opportunity Tax Credit for employers who provide jobs to long-term welfare recipients.

Tax incentives to increase investments in distressed areas including:

Tax credits to investors in qualified Community Development Banking and Financial Institutions (CDFIs)

Second round of Empowerment Zones (15 urban, 5 rural) and Enterprise Communities (50 urban, 30 rural);

Brownfields Initiative expansion by increasing EPA grants to provide incentives to businesses to clean up abandoned, contaminated industrial properties in distressed communities.

Welfare-to-Work Jobs Initiative which targets cities and localities. This proposal would provide \$3 billion over three years to help communities move one million of the hardest-to-employ welfare recipients into jobs by the year 2000.

We are encouraged that a combination of private sector commitments, such as those made by the CEOs with whom President Clinton recently met, economic development, tax credits, additional welfare-to-work funds, and a focus on jobs in the growing technology industry will create the new, higher paying jobs we need to fulfill the central goal of welfare reform: moving people from welfare to work.

WHY IS THE PRESIDENT ASKING FOR \$3 BILLION FOR WELFARE TO WORK?

QUESTION:

The President's budget request includes \$3 billion for a Welfare to Work Initiative. This additional money, over and above the \$16 billion TANF block grant, would go to states and cities. Yet CBO has estimated that states will have a \$1 billion surplus from the TANF block grant by the year 2000. Why should we be adding money if the States will have a surplus?

ANSWER:

The President has made it clear that he intends to do all he can to ensure that welfare reform succeeds. A key element of this success is moving welfare recipients to work. The law gives states the flexibility to provide work opportunities for welfare recipients and enhance job development. The President is also committed to ensuring that the resources are available for states and cities to get the job done.

We all know that moving welfare recipients to work costs money. CBO has estimated that if states were to fully implement the work requirements of the new welfare law they would need to spend \$11 billion (not including related child care) between FY 1997 and 2000. In the year 2000 alone CBO projected a cost to the states for the work provision of \$4 billion. The TANF block grant does not provide this level of funding unless states choose to dramatically reduce other expenditures under the block grant, such as benefits.