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THE WHITE HOUSE

WASHINGTON

March 1, 1989

MEMORANDUM FOR JOHN H. SUNUNU

FROM: CHARLES D. HOBBS 

SUBJECT: CONTINUATION OF LOW INCOME OPPORTUNITY BOARD

Attached is the Low Income Opportunity Board's recommendation for self-perpetuation, which I endorse for your and the President's consideration.

As you know, the Board has made substantial progress in decentralizing welfare decision making, and at the same time has gained the bipartisan confidence and support of the nation's governors (letters attached). It has done so by pressuring reluctant federal departments to cooperate in developing system-wide welfare policies and in allowing states to be the test beds for change.

This approach to welfare reform is both good policy and good politics: good policy because it enables government efforts to be channeled more effectively toward reducing dependency, and good politics because it is bipartisan and rises above the traditional niggling over individual program costs and benefits.

No function of government has suffered more than welfare from unsystematic management and partisan bickering. Basic philosophical differences about welfare goals and costs, while real, have been alternately trivialized and blown out of proportion by lack of understanding about how much welfare there is and how inefficiently it is administered. The Up From Dependency report, the Board, and the Family Support Act have set the stage for a better welfare system, in which states and communities contribute their knowledge of how to reduce dependency to the broader goals of reduced poverty and improved national competitiveness.

However, two problems must be addressed quickly, and they are not addressed in the Board's recommendations. First, the insistence of OMB, HHS, and DOA on experimental design and other expensive control group strategies to evaluate the impact and assure the budget neutrality of state demonstrations must be overridden. Perhaps out of fear of losing control over the states, these agencies have insisted upon control group methodology even where population sizes are too small to produce statistically valid results. The consensus among experts in this field is that experimental design is the best among several acceptable

evaluation techniques, none of which is sufficiently better than the others to be insisted upon, or even routinely preferred. For the states, control groups are not only expensive, but often politically or legally unjustifiable. Since the inception of the Board, and particularly since November, insistence on experimental design has been used to block or delay the acceptance of worthwhile demonstration proposals from New Hampshire, Iowa, South Carolina, Colorado, Pennsylvania, Kansas, West Virginia, Utah, and Maine. Governors are beginning to view this situation as a breach of faith by the Board and the Administration.

I recommend that the Board be directed, as a condition of its reestablishment, to adopt within 30 days a range of acceptable evaluation and budget neutrality assurance methods, including other than control group methods, from which the states can choose, and be further directed not to require the use of control group methods if the proposing state finds such methods unacceptable because of cost, potential legal challenges, or projected adverse impact on people in need of public assistance.

The other issue is the role of the Board in implementation of the Family Support Act. The Board's recommendation is for a monitoring role. However, I believe the importance of the Act to the entire range of public assistance policies and programs, together with the advantages to be gained from better implementation coordination, warrant the specific assignment of policy and implementation coordination to the Board, and I so recommend.

Attachments

Report to the Chief of Staff

by the

Interagency Low Income Opportunity Advisory Board

Summary

On January 9, you asked that the Interagency Low Income Opportunity Advisory Board continue its activities during the transition and report to you by March 1, 1989, the "...Board's recommendations regarding future direction and organization."

The Board recommends that it be reestablished by Presidential memorandum as the focal point for coordinating Administration policies to aid low income individuals and families and facilitating federal consideration of state welfare reform proposals. With its record of success in encouraging dependency-reducing state reform demonstrations, and with the shift in the focus of welfare toward work and reduced dependency which is at the heart of the recently enacted Family Support Act, the Board can be expected to spearhead for the Bush administration, as it did for the Reagan administration, progress toward a more responsive and effective welfare system. For easier identification, the Board recommends that its name be changed to "Low Income Opportunity Board". It also recommends a reduction in staff and some changes in agency participation for increased efficiency.

Background

The Board was created by Presidential memorandum on July 17, 1987 (Attachment A), to coordinate the Reagan administration's low income assistance policies and facilitate state welfare reform experiments. It was anticipated that the Board would both help the states develop and implement their own projects and collect and present evidence in support of administration policy as Congress considered welfare reform.

Individual department secretaries continued to exercise their waiver authority under law, but the Board became a forum for discussing the system-wide implication of projects with waiver requests, particularly those which involved more than one federal program.

It was chaired by Charles D. Hobbs, an assistant to the President, and consisted of representatives of the Office of

Management and Budget and the Departments of Agriculture, Health and Human Services, Housing and Urban Development, Interior, Justice, and Labor. Other organizations were included on an as needed basis. Staff support was provided by the Office of Policy Development and the Board member agencies.

The Board's first task was to develop a set of operating procedures to meet its charter. The member agencies agreed, at the secretarial level, to approve any state demonstration which could be expected to meet the recipients basic needs while promoting independence, would result in no net increase in federal costs, and could be evaluated for impact.

The states gained for the first time the opportunity to have the federal government respond to their demonstration projects as complete proposals, rather than as individual waiver requests. A state could meet with representatives of every federal program involved in its proposal at one time, in one place. More importantly, potential federal cost increases in one waiver request could be offset by cost savings in other aspects of the project, so long as overall federal budget neutrality could be guaranteed.

Why Was the Board Created?

The need for the Board arose from a perceived gap in the ability of the federal government to manage a myriad of welfare programs as a system. As shown in the 1986 Up From Dependency report commissioned by President Reagan, the welfare structure was created piecemeal: a new program was created for each newly perceived need. The result was an uncoordinated tangle of programs, regulations, and bureaucracies which often worked at cross purposes. Up From Dependency proposed reform through decentralized experimentation, with states becoming test beds for welfare reform ideas generated at state and community levels.

What has the Board Accomplished?

Since its creation, the Board has taken final action on 14 state demonstration proposals. The Board has approved ten state proposals which met its program and budget criteria and the departments have granted the appropriate waivers. One state obtained approval, but withdrew its request after passage of the Family Support Act. Two more could not meet the Board's budget neutrality test, but were recommended for approval under independent authorities of individual Board agencies. One state proposal was not accepted for Board review.

Three additional states withdrew their proposals from Board consideration after enactment of the Family Support Act.

Nine more states have proposals currently before the Board, and three others have proposals under development for submission to the Board in the near future. The Board also has been assisting states whose demonstrations were affected by passage of the Family Support Act, and five previously-approved states are now modifying their demonstrations.

A summary of Board action for each of the 26 states which have sought Board help is in Attachment B.

In addition to its proposal review efforts, the Board has performed several other roles related to development and review of welfare policies

- It served as a mechanism for interagency coordination and issue analysis to support White House negotiations on the Family Support Act.
- It sponsored a White House self-help workshop in June 1988. Self-help leaders from across the nation spent two days in Washington in close discussion with senior officials of the Board agencies. Many specific recommendations to improve the provision of welfare emerged and were adopted by the agencies.
- In November 1988, the Board and HHS joined with the state of Utah to conduct a nationwide conference on innovative approaches to two-parent welfare programs.

Is an Interagency Board Still Needed?

The Board members believe it is. Passage of the Family Support Act places new demands on Executive Branch efforts to ensure a coordinated, system-wide approach to reducing dependency. State and community interest in welfare reform demonstrations continues to be strong. In addition, the FSA requires the evaluation of several of its key components and authorizes scores of demonstrations, studies, and reports. The Board believes strongly that any effort to increase opportunities for low income assistance recipients will benefit greatly from an explicit forum for interagency coordination.

In addition, the Board sees a number of cross-agency policy issues which would benefit from better coordination. They include:

- Better planning and coordination of welfare policy developments including matters such as the increasing number of public and private employment and training programs.

- More effective support of and interaction with a growing national self-help movement.
- Systematic exploration of the idea of increased choice and self-determination among welfare recipients leading to self-reliance and reduced dependency on government.
- More inter-program consistency in the design, administration, and evaluation of welfare programs.

Can these functions be performed without a White House sponsored organization?

The Board believes that White House leadership is crucial to effective interagency coordination of welfare policies. The cabinet agencies cannot, on their own, pursue a cross-program systems approach to welfare reform.

Also, much of what needs to be done in welfare reform requires the active involvement of state governors, who are more likely to become personally involved if they see welfare as a topic of direct interest to the President.

If the Board were continued, then, what should be its charter?

We believe the Board should continue to be the sub-cabinet arm of the Domestic Policy Council to further the President's goals in public assistance policy. To do this, it would be responsible for:

1. Continuing to facilitate and coordinate the review of state welfare reform demonstration proposals. As part of this function, the Board should review existing waiver authority available to the executive branch and consider ways in which that authority could be expanded or made more effective for welfare system reform.
2. Monitoring of implementation of the Family Support Act, with emphasis on the required demonstrations and interagency coordination.
3. Providing interagency coordination and policy development of any issues which might arise out of the President's low income assistance policy.

Who should be represented on such a Board?

We believe that the Board should continue under White House

auspices. Its chairman should continue to be a senior commissioned officer, although full time involvement may not be necessary. The Director of the Office of Policy Development would have the appropriate rank and staff support. Support staff could probably be reduced somewhat, and continue to be provided in part or whole by the member departments.

Board membership should include all federal departments and White House offices which might be involved in a particular issue. But, on an ongoing basis, the core should be those departments and offices most directly responsible for low-income assistance policy and implementation. They are the Office of Management and Budget, the Office of Intergovernmental Affairs, and the Departments of Agriculture, Health and Human Services, Housing and Urban Development, Justice, Labor, and Education.

What should the new Board be called?

The current name of the Board is too long and hard to remember. Given the opportunity for reestablishment, we believe the name of the Board should be shortened to "Low Income Opportunity Board".

Recommendations

The Interagency Low Income Opportunity Advisory Board recommends that President Bush reestablish it through Presidential memorandum for interagency coordination of welfare policy and facilitation of state demonstration projects. The Board also recommends that its name be shortened to "Low Income Opportunity Board".

Attachments:

Tab A: Presidential Memorandum Creating the ILIOAB

Tab B: Status of States which sought Board review

7/20

THE WHITE HOUSE

WASHINGTON

July 17, 1987

TAB A

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ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: T. KENNETH CRIBB, JR. *TKCJH*

SUBJECT: ESTABLISHMENT OF THE INTERAGENCY LOW INCOME
OPPORTUNITY ADVISORY BOARD

I. NEED FOR RECOMMENDED ACTION: On January 9, 1987 your Domestic Policy Council recommended, and you approved, initiation of a new national welfare reform strategy that makes reduced dependency a principal goal, rejects conventional wisdom that a centralized, top-down system can meet that goal effectively, and establishes a process of welfare system restructuring through state experiments using proven community and self-help approaches to economic and social self-reliance. We now need to take an important step in implementing this strategy by establishing a federal interagency coordinating board to encourage and facilitate state reform experiments. Taking this step now will improve our ability to help States develop and implement their own reform projects, and it also will help in Congressional consideration of our approach to welfare reform.

II. RECOMMENDATION: Based on extensive discussion within the Domestic Policy Council and among Senior Staff, I recommend that, pending passage of your proposed welfare reform legislation, you establish an Interagency Low Income Opportunity Advisory Board. The Board would provide a focal point within the Federal government for coordinating your policies to aid low income individuals and families, facilitate coordinated consideration of State reform proposals by providing the Governors with "one-stop shopping" with the Federal government, and perform such other functions as you may direct. Individual Department Secretaries will continue to exercise their waiver authority under law, with the Board serving as a forum to discuss system-wide implications of waiver requests, particularly those requests which cover more than one program.

The Board would be chaired by Charles D. Hobbs who has directed the development of the welfare reform strategy. Other members would represent the Office of Management and Budget and the Departments of Agriculture, Health and Human Services, Housing and Urban Development, Interior, Justice, and Labor. When the Board considered a program for which any other Executive department or agency had responsibility, that department or agency would have representation on the Board for that purpose.

The Chairman would advise you with respect to the operations and effectiveness of the Federal public assistance system. Taking guidance from the Board, the Chairman would recommend to you, through the Domestic Policy Council, policies and guidelines pertaining to public assistance matters for all related programs within the Executive Branch. He would, in addition, review policy alternatives with outside groups, especially with States as they formulate multi-program reform concepts or proposals, and with Executive departments and agencies, the heads of which would be instructed, to the extent permitted by law, to cooperate with the Chairman in carrying out this function. To the extent that the activities of the Board relate to public affairs, congressional affairs, intergovernmental affairs, or other ongoing functions of the White House Staff, the Chairman would work through those White House officials charged with the supervision of such ongoing functions.

If and when comprehensive welfare reform legislation is passed, we will reconsider the location and operations of the Board in light of the applicable legislative requirements.

Expenses of the Board will be paid from Office of Policy Development funds, reimbursed in whole or in part through interagency agreements with the Departments of Agriculture, Health and Human Services, Housing and Urban Development, Interior, Justice, and Labor.

III. DECISION:

RL

___ establish Interagency Low Income Opportunity Advisory Board as described above

___ approved as amended

___ reject

___ no action

STATUS OF STATES WHICH HAVE SOUGHT ILIOAB REVIEW
(As of February 16, 1989)

1. WISCONSIN Approved October 1987. Some modifications needed because of FSA.
2. NEW JERSEY Approved September 1987. Some modifications needed because of FSA.
3. WASHINGTON Approved March 1988. Some modifications needed because of FSA.
4. NEW YORK Approved May 1988. Some modifications needed because of FSA.
5. OHIO Approved May 1988. Some modifications needed because of FSA.
6. NEW HAMPSHIRE Approved July 1988, but state chose to withdraw its proposal after passage of the FSA.
7. WEST VIRGINIA Approved July 1988.
8. NORTH CAROLINA Approved August 1988.
9. ILLINOIS Approved December 1988.
10. GEORGIA Approved October 1988.
11. CALIFORNIA San Diego project could not meet Board standards, therefore recommended that Agriculture approve waivers independently.
12. ALABAMA Approved December 1988.
13. WYOMING Project could not meet Board standards, therefore recommended that HHS approve waivers independantly.
14. SOUTH CAROLINA Under review, meetings with state scheduled for next week.
15. NEW MEXICO Proposed terms for approval have been sent the state, awaiting a response.
16. TENNESSEE Proposed terms for approval have been sent the state, awaiting a response.

17. KANSAS Under review.
18. ARIZONA State withdrew project because of FSA provisions.
19. MAINE State will withdraw project because of FSA provisions.
20. IOWA Board action expected within a week.
21. PENNSYLVANIA Board action expected within a week.
22. UTAH Under review.
23. MARYLAND Under review.
24. TEXAS Draft project under review, awaiting final submission from the state.
25. NEBRASKA Rejected by the Board.
26. COLORADO State withdrew project because of FSA provisions.

Alabama
County of San Diego
Colorado
Delaware
Florida
Georgia
Illinois
Iowa
Maryland
Missouri
New Jersey
New York
North Carolina
Ohio
Pennsylvania
Tennessee
Texas
Washington
West Virginia
Wisconsin



STATE OF ALABAMA

GOVERNOR'S OFFICE

MONTGOMERY 36130

December 19, 1988

GUY HUNT
GOVERNOR

Governor John Sununu
Chief of Staff Designate to
the President-elect
Suite 1016
1825 Connecticut Avenue, NW
Washington, DC 20270

Dear Governor Sununu:

This letter is a request that President-elect Bush retain the Interagency Low Income Opportunity Advisory Board which was created by Executive Order of President Reagan. This Board, chaired by Chuck Hobbs, has been immensely helpful to Alabama, and I believe to other states as well. The Board permits states to have a single point of contact with the federal government for the consideration of waivers to allow reform of the welfare system.

Alabama has submitted a plan for testing a comprehensive welfare reform design called ASSETS (Aid to Self-Sufficiency Through Employment and Training Services). This plan goes beyond the reform measures of the Family Support Act to create a system that merges three means tested programs for the poor into a single cash assistance program. The affected programs are the AFDC Program, the Food Stamp Program, and the Low Income Home Energy Assistance Program. The Board has recommended that the individual agencies approve the necessary waivers. We believe ASSETS will result in significant savings on administrative cost, which can be used to assist recipients to become financially self-sufficient.

Our progress to date would have been impossible without the Board. Through the leadership of Chuck Hobbs, the Board has conducted a thorough analysis of the welfare system. This is documented in the publication Up from Dependency. Further, they have created a climate for state innovation that will, if permitted to continue, result in lasting improvements. Chuck and his staff, principally Judy Boggs, were able to secure for Alabama technical assistance from the key agencies that was essential in constructing our design. I sincerely believe it is in the best interest of our state and the nation to maintain this Board.

If you need further information, call me at (205) 261-7100.

Sincerely yours,

Guy Hunt
Governor

GH:AHW



County of San Diego

RICHARD W. JACOBSEN
DIRECTOR

DEPARTMENT OF SOCIAL SERVICES

(619) 531-4714

DONALD E. DUDLEY
ASSISTANT DIRECTOR

7949 MISSION CENTER COURT, SAN DIEGO, CALIFORNIA 92108

December 19, 1988

Governor John H. Sununu
Chief of Staff Designate to the
President Elect
1825 Connecticut Avenue, NW
Suite 1016
Washington, DC 20270

RE: THE WHITE HOUSE INTERAGENCY LOW INCOME OPPORTUNITY
ADVISORY BOARD

Dear Governor Sununu:

I would like to strongly urge retention in the next administration of the Interagency Low Income Opportunity Advisory Board. The County's experience was very positive with the Board. The Board acted quickly to review our requests and to facilitate federal decision making.

In addition to its present mission, I believe the Board should have responsibility to coordinate a review of all federal low income programs. This review should zero base the system and redefine what "business" the government wants to be in.

I could go on, but I understand your decision is imminent and I want to convey my support for retention of the Board.

Warm regards

RICHARD W. JACOBSEN, JR.
Director

RWJ/am

STATE OF COLORADO

DEPARTMENT OF SOCIAL SERVICES
1575 Sherman Street
Denver, Colorado 80203-1714
Phone (303) 866-5700



Roy Romer
Governor
Irene M. Ibarra
Executive Director

December 22, 1988

Governor John H. Sununu
Chief of Staff Designate to the President Elect
1825 Connecticut Avenue, N.W.
Suite 1016
Washington, D.C. 20270

Dear Governor Sununu:

This letter is to bring to your attention the valuable work performed by the White House's Interagency Low Income Opportunity Advisory Board (ILIOAB) and its effectiveness over the last year in assisting states to address multi-program issues for the purpose of developing comprehensive welfare reform demonstration projects.

The Interagency Advisory Board provided a single point of contact for states, replacing a process that otherwise required separate and divergent procedures that represented significant and sometimes overwhelming barriers to successful project development. Now, as the states begin to focus their efforts on implementation of the new federal welfare reform legislation (the Family Support Act of 1988, P.L. 100-485), the kind of coordination and technical assistance provided by the ILIOAB on crosscutting issues will be more important than ever.

I would urge the new administration to continue this most needed service to the states by retaining the interagency board structure as well as its authority to address interagency issues and facilitate their resolution.

Sincerely,

Irene M. Ibarra
Executive Director

bcc : Judy Boggs



STATE OF DELAWARE
OFFICE OF THE GOVERNOR

MICHAEL N. CASTLE
GOVERNOR

February 10, 1989

The Honorable John H. Sununu
Chief of Staff
The White House
Washington, DC 20500

Dear John:

As you know we have worked closely with Chuck Hobbs over the past year on the development of a national welfare reform package. While legislation has been enacted to support this initiative many details continue to be ironed out during the development of regulations and the implementation of State programs. Chuck's sense of history and familiarity with the issue may be valuable to you as you begin a new Administration.

Please let me know if I can be of further assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "Mike", written over the printed name.

Michael N. Castle
Governor

MNC:KJW:kjw

STATE OF FLORIDA

Office of the Governor

THE CAPITOL

TALLAHASSEE, FLORIDA 32399-0001

**BOB MARTINEZ**
GOVERNOR

December 27, 1988

Governor John H. Sununu
Chief of Staff-Designate
to President-Elect Bush
1825 Connecticut Avenue, N.W.
Washington, D.C. 20270

Dear Governor Sununu: *John*

It is my understanding that the Vice President and you are currently deciding how you are going to organize the White House staff. As you do so, I wish to direct your attention to one element of the current staff structure that has been very helpful, the Low Income Opportunity Advisory Board.

The Low Income Opportunity Board played a key role in expediting waiver approvals for Florida's Teen Parent and Child Support Enforcement employment and training initiatives. We will be seeking the assistance of the Advisory Board in the very near future, as we begin to implement the provisions of the Family Support Act of 1988 and other state welfare reform initiatives.

I urge you to retain the Low Income Opportunity Advisory Board as part of the White House staff structure to assist us in our efforts to provide the most efficient and effective services to the disadvantaged citizens of Florida.

Sincerely,

Bob
Governor



STATE OF GEORGIA

OFFICE OF THE GOVERNOR

ATLANTA 30334

Joe Frank Harris
GOVERNOR

December 21, 1988

Honorable John H. Sununu
Chief of Staff Designate
to President-elect George Bush
1825 Connecticut Avenue, N.W.
Suite 1016
Washington, D.C. 20270

Dear John:

Your responsibilities in assisting President-elect Bush's plan for the new administration are supported by our very best wishes.

Georgia received unusual assistance from staff of President Reagan's Low Income Opportunity Advisory Board as we sought waivers to federal regulations in order to improve the child support program to reduce welfare dependency in Georgia. Charles Hoggs and Delores Martin were clearly responsible for assisting us in securing the approval from the Department of Health and Human Services. We are convinced that our plan is an excellent one and that it would not have been approved without the efforts of these two White House staff members. We have seen the value of White House leadership in effecting change in what sometimes is a cumbersome governmental process.

Our best wishes to you in accomplishing your most difficult task.

With kindest regards, I remain

Sincerely,

Joe Frank Harris

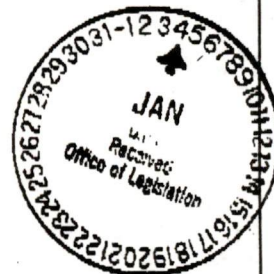
JFH/skc





STATE OF ILLINOIS
OFFICE OF THE GOVERNOR
SPRINGFIELD 62706

JAMES R THOMPSON
GOVERNOR



December 27, 1988

Mr. John H. Sununu
Chief of Staff-Designate
to President-Elect George Bush
1825 Connecticut Avenue, N.W.
Washington, D.C. 20270

Dear John:

I am delighted that the President's Interagency Low Income Opportunity Advisory Board approved Illinois' welfare demonstration project which is aimed at promoting self-sufficiency and increasing family stability for welfare recipients.

Recently Susan Suter, Director of the Illinois Department of Public Aid, met with Charles Hobbs in Washington to receive the Board's formal approval. We appreciate the efforts of Mr. Hobbs and the Board in providing Illinois with this opportunity to conduct a comprehensive welfare reform program. The project will enable us to improve Project Chance, the State's welfare-to-work program. In addition, evaluation information we collect will be useful in planning future programs. Our goal is to help individuals obtain jobs to support their families and to promote community participation in assisting these individuals.

I look forward to working with the Board and the Department of Health and Human Services as this project progresses.

Sincerely,

A handwritten signature of James R. Thompson, consisting of a large, stylized "J" and "T".
James R. Thompson
GOVERNOR

DEC 22 1988



TERRY E. BRANSTAD
GOVERNOR

OFFICE OF THE GOVERNOR

STATE CAPITOL

DES MOINES, IOWA 50319

515 281-8211

December 21, 1988

The Honorable John H. Sununu
Chief of Staff Designate to
President Elect
1825 Connecticut Ave. N.W.
Suite 1016
Washington D.C. 20270

Dear Governor Sununu:

I am writing to express my support for the continuation of the Interagency Low-Income Opportunity Advisory Board in the White House.

As you know, the Board was established to help states with the federal waiver process to become welfare reform demonstration states. Iowa submitted an application for a waiver for our welfare reform program, Project PROMISE; and Iowa staff presented the program to the Board and officials from many federal agencies invited to a meeting arranged by the Board. Since that meeting Board staff have worked with us and federal officials to facilitate what would otherwise be a confusing and potentially very slow process.

As states work with the federal government in the future to implement the Family Support Act of 1988, including demonstrations of innovative approaches to reforming our nation's welfare system, the support that the Board in the White House could continue to give is immeasurably beneficial. Additionally, it would continue to emphasize the federal-state partnership promoted by the Reagan administration.

I appreciate the consideration you will give to this issue and also wish you the best in your new position.

Sincerely,

A handwritten signature of Terry E. Branstad in dark ink.

Terry E. Branstad
Governor



STATE OF MARYLAND
OFFICE OF THE GOVERNOR

WILLIAM DONALD SCHAEFER
GOVERNOR

December 22, 1988

The Honorable John H. Sununu
Chief of Staff Designate
to the President-Elect
1825 Connecticut Avenue, N. W.
Washington, DC 20270

Dear Governor Sununu:

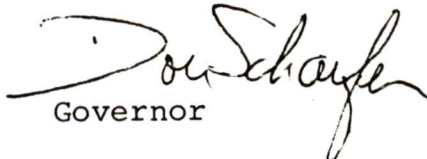
Congratulations on your appointment to Chief of Staff for the new President.

I am writing to seek your support for the continuation of the Interagency Low Income Opportunity Advisory Board. As you know, this Board was created by President Reagan in 1987 and is charged with developing new policies to aid low income families and individuals and to assist other agencies in the implementation of these new policies. I believe that a cross-agency perspective can be very beneficial in the development of new policies. In Maryland I have often used this type of approach with my own Cabinet to bring a fresh approach to an old problem.

I believe that President Reagan created this advisory board because of similar experiences in California and I'm sure you have had the same experience in New Hampshire. I hope that you will review the workings of the Interagency Low Income Opportunity Advisory Board and agree that this type of interagency approach to the problems of our low income citizens can produce innovative programs to assist our citizens.

In your new capacity I'm sure you are receiving many letters such as this and will be receiving many more in the years ahead. You have taken on a challenging position and I wish you every success.

Sincerely,


Governor



EXECUTIVE OFFICE
STATE OF MISSOURI

JOHN ASHCROFT
GOVERNOR

December 22, 1988

The Honorable John Sununu
Chief of Staff Designate to the
President-Elect of the United States
1825 Connecticut Avenue N.W., Suite 1016
Washington, D. C. 20270

Dear John:

I am writing to commend the work of the Low-Income Opportunity Board and its chairman, Mr. Charles Hobbs. As you know, this work has been central to the national effort to reform public assistance programs.

I have worked directly with Mr. Hobbs, both as a member of the National Governor's Association Task Force on Welfare Reform and in my efforts here in Missouri to implement Learnfare. His guidance and assistance has in no small measure contributed to our initial success, both at the national level and in my state, in offering those people dependent on public assistance new hope and new opportunity through education and job training. His thrust from the beginning has been to substitute opportunity for dependency, and his leadership contributed to the successful efforts to reform the welfare system under the Family Support Act of 1988. First with the Domestic Policy Council and then the Low-Income Opportunity Board, he has consistently been helpful to us.

In my view, Mr. Hobbs has performed outstanding public service. I want you to know that we in Missouri are grateful.

Sincerely,


GOVERNOR

bcc: Chuck Hobbs



STATE OF NEW JERSEY
WASHINGTON OFFICE

THOMAS H. KEAN
GOVERNOR

444 NORTH CAPITOL STREET, N.W.
SUITE 236
WASHINGTON, D.C. 20001
202-698-0631

January 4, 1989

The Honorable John Sununu
Governor, State of New Hampshire
Office of the President-Elect
1825 Connecticut Avenue, NW
Washington, D.C. 20270

Dear John:

As you know, the State of New Jersey was granted a broad federal waiver in 1987 which enabled us to implement the many innovative features of New Jersey's welfare reform program, REACH. During the waiver process, the Interagency Low-Income Opportunity Advisory Board was very helpful, providing a "one-stop shop" approach as we negotiated the details of our waiver with the relevant federal agencies.

It occurs to me that this kind of intergovernmental cooperation might be useful in implementing the provisions of the new welfare reform law. Other states that wish to pursue plans for the delivery of social services which require waivers from current law might also benefit.

With best wishes.

Sincerely,

A handwritten signature in dark ink, appearing to be 'T. H. Kean'.

Thomas H. Kean
Governor

NEW YORK STATE

DEPARTMENT OF SOCIAL SERVICES

40 NORTH PEARL STREET, ALBANY, NEW YORK 12243 - 0001

CESAR A. PERALES
Commissioner



December 21, 1988

Dear Governor Sununu:

I understand that you are considering how to structure the White House staff in the new Bush Administration. Within that structure, I strongly urge continuation of the Interagency Low Income Opportunity Advisory Board.

The Board was very helpful to us in securing the waivers necessary to operate our Child Assistance Program (CAP) demonstration project. This demonstration, which has been under way since the beginning of October of this year, is designed to provide an alternative to welfare that can help children escape poverty while reaffirming the responsibility of absent parents to provide support and offering real financial incentives for single parents to go to work.

Our experience with the Board leads us to believe that its potential for helping states mount policy initiatives has barely been tapped. I therefore hope that this useful mechanism is retained.

Sincerely,

A handwritten signature in cursive script that reads "Cesar A. Perales".

Cesar A. Perales
Commissioner

Governor John H. Sununu
Chief of Staff Designate
to the President-Elect
1825 Connecticut Avenue, N.W., Suite 1016
Washington, D.C. 20270



North Carolina Department of Human Resources

325 North Salisbury Street • Raleigh, North Carolina 27611

James G. Martin, Governor

David T. Flaherty, Secretary

January 6, 1989

Mr. John H. Sununu
Chief of Staff Designate
to the President-Elect
1825 South Connecticut Avenue, N.W.
Suite 1016
Washington, D. C. 20270

Dear Mr. Sununu:

I am writing regarding the Low Income Opportunity Advisory Board which is located in the Executive Office of the President. One of Governor Martin's priorities is to make necessary and positive changes in our public assistance programs, especially the Aid to Families with Dependent Children program. We worked with the Low Income Board on a welfare reform idea that came out of the City of Charlotte from a group of business leaders and government officials. The idea was proposed to the Low Income Board last February and subsequently approved. Our experience with the Board itself and with Board staff both before and after that presentation was totally positive. I firmly believe that this type of arrangement is a very useful way for state and local governments to present ideas for solving problems when Federal flexibility and cooperation are essential. Likewise, it is ideally suited to getting responsiveness from various established Federal agencies. In our case, it also forced necessary Federal inter-agency cooperation in working out project details. In sum, I want to give my wholehearted endorsement to the Low Income Opportunity Advisory Board and to arrangements like this in the Executive Office of the President.

Please let me know whenever I can be of assistance.

Sincerely,

A handwritten signature in dark ink, appearing to read "David T. Flaherty".
David T. Flaherty

DTF:mh



RICHARD F. CELESTE
GOVERNOR

STATE OF OHIO
OFFICE OF THE GOVERNOR
COLUMBUS 43266-0601

December 28, 1988

John H. Sununu
Chief of Staff Designate
to the President
1825 Connecticut Ave. N.W.
Suite 1016
Washington D.C. 20220

Dear John:

One policy area where coordination of federal programs is essential is in the area of welfare reform. In our experience, such diverse federal departments as Treasury, Agriculture, Health and Human Services, and Justice can have a major impact on a state's ability to develop and implement meaningful state level welfare strategies. Conversely, agreements reached with one federal department can be rendered unworkable by conflicting policies in other departments.

On February 22 of this year, the State of Ohio submitted a comprehensive proposal for the overhaul of our AFDC system, involving over 30 waivers of federal regulations. We worked closely with Chuck Hobbs and the staff of The Low-Income Opportunity Board, as well as representatives from the different federal agencies. The Board staff coordinated activities and made sure that logjams were broken and a tight schedule was adhered to. If there were disagreements among agencies, the agencies were told to sit down together and work things out. Budget issues were coordinated with OMB. State officials were kept apprised of developments on a day-by-day basis. On June 2 we received written confirmation that our waivers had been approved.

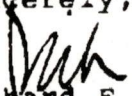
The Low-Income Board process made all the difference. Under normal circumstances, it would have taken literally years to work out all the issues involved in our waiver request. Indeed, given the often conflicting biases of the different federal agencies, it is not clear that our proposal could have been processed at all given its size and complexity. But with the help of Mr. Hobbs and his staff, we had our waivers in a little over three months.

Page 2.

The Low-Income Opportunity Advisory Board has provided states with the assistance necessary to develop coherent strategies for welfare reform. For that reason, I would hope that the effective work of the Board can be continued in the next administration.

Best wishes in the new year.

Sincerely,


Richard F. Celeste
Governor

cc: Chuck Hobbs



JOHN F. WHITE, JR.
SECRETARY

COMMONWEALTH OF PENNSYLVANIA
DEPARTMENT OF PUBLIC WELFARE
P. O. Box 2675
HARRISBURG, PENNSYLVANIA 17105

DEC 23 1988

470 707 2600/3000

The Honorable John H. Sununu
Chief of Staff Designate to the President-Elect
1825 Connecticut Avenue, N.W.
Washington, D.C. 20270

Dear Governor Sununu:

On behalf of the Pennsylvania Department of Public Welfare, I would like to offer our congratulations on your selection by President-Elect Bush to serve as Chief of Staff.

We understand that you are currently looking into how to structure the White House staff in the incoming Administration. We would like to recommend continuation of the Low Income Opportunity Advisory Board. This Board provides the means for states to obtain waivers to establish creative programs at the local level and insures the timely review of requests that involve more than one federal agency.

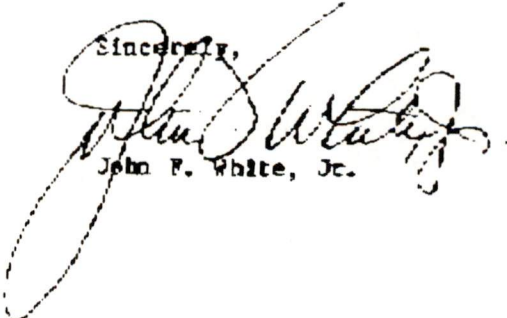
Although its work has barely begun, we have had a successful relationship with the Board. Pennsylvania recently submitted a welfare reform proposal, and the Board did an excellent job in obtaining review by the relevant agencies. We expect approval of our proposed plan in the very near future. My contacts with other states that have submitted waiver packages indicate that they have also had positive experiences in dealing with this entity.

We encourage you to continue the Board as a central point within the Administration to strive for improvement in public assistance policy.

Thank you for your attention to this matter.

Best wishes.

Sincerely,


John F. White, Jr.

FROM D P W HSG. PR.

12.28.1988 15:24

P.



State of Tennessee

NED McWHERTER
GOVERNOR

December 19, 1988

Governor John Sununu
1825 Connecticut Avenue, N.W.
Suite 1016
Washington, Tennessee 20270

RE: White House Low Income
Opportunity Advisory Board

Dear Governor Sununu:

Congratulations on your appointment as Chief of Staff for the incoming Bush Administration. I know you will do a superb job, and I am particularly pleased to learn that President-Elect Bush chose a Chief of Staff with such breadth of knowledge about the problems states are facing.

I understand that you are currently reviewing the desirability of continuing the White House Low Income Opportunity Advisory Board (LIOAB) initiated by the Reagan Administration. Tennessee recently submitted a proposal for certain waivers from federal regulations involving the welfare system to the LIOAB. Commissioner Nancy-Ann Min of our Department of Human Services and Billy Stair, my Senior Policy Advisor, met with the LIOAB to present Tennessee's waiver package and reported that the process was a productive one. We have not yet received the Board's decision on our waiver package, but I believe that any vehicle which encourages state and federal officials to sit down together and examine burdensome policies and procedures can only be positive. Therefore, I encourage you to recommend the continuation of the LIOAB during the Bush Administration.

Again, I wish you much success in your new position. With best regards,

Sincerely,

Ned R. McWherter

NRM/nem

8 1 DEC REC'D

Texas Department of Human Services

John H. Winters Human Services Center • 701 West 51st Street
Mailing Address: P.O. Box 2960 • Austin, Texas 78769

COMMISSIONER

MARLIN W. JOHNSTON



BOARD MEMBERS

J. LIVINGSTON KOSBERG
Chairman, Houston

VICKI GARZA
Corpus Christi

ROB MOSBACHER
Houston

December 21, 1988

Governor John Sununu
Transition Office
1825 Connecticut Avenue, NW
Room 1020
Washington, DC 20270

Dear Governor Sununu:

As the incoming Chairman of the Texas Department of Human Services and the present Chairman of Governor Clements' Welfare Reform Task Force, I want to urge the continuation of the Low Income Opportunity Board (LIOB).

I recently had the opportunity to lead a delegation from Texas that made a presentation to the LIOB regarding certain creative pilot projects that the State of Texas wishes to undertake in the welfare area and was most impressed by the "one stop shopping" approach to Federal government waivers that the LIOB represents.

I do not need to tell you how convenient it is for a state that seeks permission from the Federal government to undertake creative welfare reform experimentation to seek the requisite approval from a single point of contact. Therefore, I strongly recommend that you consider continuing the Board in the Bush administration.

Thanks for your consideration.

Sincerely,

A handwritten signature in dark ink, appearing to be "Rob Mosbacher", written over a large, stylized checkmark or flourish.

Rob Mosbacher



356-0001

STATE OF WASHINGTON
OFFICE OF THE GOVERNOR

OLYMPIA
98504-0113

20 DEC RECD

BOOTH GARDNER
GOVERNOR

December 20, 1988

The Honorable John Sununu
Chief of Staff Designate to the
President-Elect
Suite 1016
1825 Connecticut Avenue Northwest
Washington, D.C. 20270

Dear John:

I have been asked to comment on the usefulness of the White House Low Income Opportunities Board. The state of Washington was one of the first in the nation to adopt a comprehensive welfare reform package. Although the elements of that package required Congressional approval, it was also necessary to have speedy and effective coordination with the Department of Agriculture and several elements of the department of Health and Human Services. The process of placing the Family Independence Program into timely operation could not have occurred through the ordinary administrative processes. The Low Income Opportunities Board, and particularly its chairman, Mr. Charles Hobbs, worked tirelessly and speedily to allow this most important program to begin on time.

I hope this information is helpful to you.

Sincerely,

A handwritten signature in cursive script that reads "Booth".

Booth Gardner
Governor



363-0017

WEST VIRGINIA DEPARTMENT OF HUMAN SERVICES

1900 Washington Street, East

Arch A. Moore, Jr.
Governor

Charleston, WV 25305

Telephone (304) 348-2400

Reginia S. Lipscomb
Commissioner

December 20, 1988

The Honorable John H. Sununu
Chief of Staff Designate to the President-Elect
1825 Connecticut Avenue, NW
Washington, D.C. 20270

Dear Governor Sununu:

Please accept my sincere congratulations and best wishes on your appointment to President-Elect Bush's Administration. I have followed your very successful tenure as Governor of New Hampshire and I am confident that our country will benefit greatly with you as Chief of Staff.

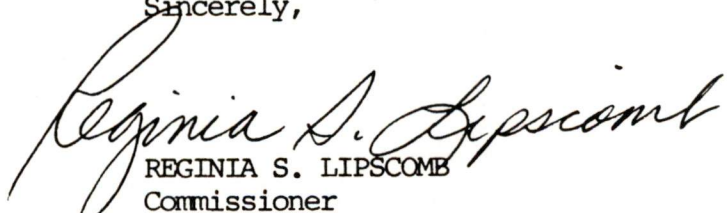
I would like to take this opportunity to express West Virginia's support for the Interagency Low-Income Opportunity Board, which was established by President Reagan to review welfare reform proposals and advise states on the administration of demonstration projects.

The Board was instrumental in West Virginia's efforts to gain approval for its Self-Sufficiency Through Self-Employment Program. It generated prompt action in helping the State receive the waivers necessary for the program's operation. The Board was also helpful in providing us with ongoing advice on the efficient and effective administration of the project.

Our sister states are aware of the Board's usefulness as well. I can't stress enough the benefits of our having an entity available to assist in the implementation of programs designed to reduce welfare dependency.

I appreciate the opportunity to share with you my thoughts on this matter. Should you need further information, please let me know.

Sincerely,


REGINIA S. LIPSCOMB
Commissioner



TOMMY G. THOMPSON

Governor
State of Wisconsin

December 20, 1988

Governor John H. Sununu
Chief of Staff Designee
To the President-elect
1825 Connecticut Avenue, N.W.
Suite 1016
Washington, D.C. 20270

Dear Governor Sununu:

I am writing to support the continuation of the Interagency Low Income Opportunity Advisory Board. Through this Board, and the leadership of Charles Hobbs, Wisconsin obtained the necessary waivers to create a comprehensive welfare reform program. The Board has streamlined the process for states to apply for federal welfare reform waivers and provided visibility to the Administration's commitment to both federalism and welfare reform efforts.

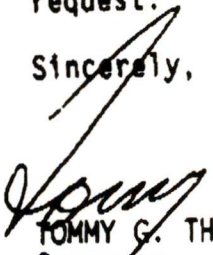
The Board was instrumental to Wisconsin obtaining the first waiver in the nation to implement Learnfare, a program which requires mandatory school attendance for school-aged recipients of AFDC. A similar Learnfare provision was included in the Federal Family Support Act, and I am pleased that Wisconsin could pave the way for a welfare reform proposal which is now nationwide.

Our past experience in seeking waivers from the federal government was dismal, taking up to two years to pursue a single waiver which only resulted in a rejection. On the other hand, since the creation of the Interagency Low Income Opportunity Advisory Board in 1987, Wisconsin received individual attention and the five waivers which we sought and received took only four months from the time we submitted them in their final form until the time we received notice of their approval.

Although Wisconsin has been granted numerous federal waivers and the Family Support Act is now law, I believe there is much more states can accomplish in the area of welfare reform through federal waivers. I will be seeking federal waivers in the future so that I can continue to expand and build upon welfare reform efforts in Wisconsin. I believe our success lies in the continuation of the Interagency Low Income Opportunity Advisory Board and therefore urge the Bush Administration not only to continue it, but also to expand it.

Thank you for your attention. I look forward to a favorable response to this request.

Sincerely,


TOMMY G. THOMPSON
Governor

TGT/cms

THE WHITE HOUSE
WASHINGTON

DATE: 9/8/89

TO: Governor S.

FROM: ANDY CARD *Andy*

v. Low Income Opportunity Board

Option 1 - reduces flexibility of waiver process - strengthens bureaucracy

Option 2 - status quo - problem may be that expectations got too high for waivers since Congress believed the new welfare reform law should restrict waiver opportunities.

Option 3 - Option 2 plus seek greater waiver authority from Congress

Option 4 - Expands Low Income Bd. to more than waiver point. The Bd would become the anti-poverty focal pt. for policy formulation and marketing.

Options 3 and 4 are not mutually exclusive. Bd. wants you to pick 3 & 4. I think option 3 is enough now. - The DPC process can do opt. 4.

THE WHITE HOUSE
WASHINGTON

July 31, 1989

MEMORANDUM FOR THE PRESIDENT

FROM: THE DOMESTIC POLICY COUNCIL

SUBJECT: Pursuing Welfare Reform Through the Low Income Opportunity Board

Background:

In his 1986 State of the Union address, President Reagan directed his Domestic Policy Council to reevaluate the welfare system and design a strategy for reform. As a result, the report Up From Dependency: A New National Public Assistance Strategy was released in December 1986.

The report described a large, fragmented, and complex welfare system, with 59 major federal welfare programs in nine federal departments, costing well over \$100 billion a year (including state money). It concluded that welfare is a major deterrent to work and self-support, and weakens the nation's family structure by replacing breadwinners with government handouts -- thus fostering the very dependency it is intended to cure.

The report's principal recommendation was that the federal government (through enhanced Executive Branch waiver authority) should give states broad latitude to design and implement experiments in welfare policy. When Congress showed little interest in increasing Executive Branch waiver authority, the Low Income Opportunity Board was created by Presidential memorandum on July 17, 1987, to begin the process of reform using existing, but more limited, waiver authority. On March 29, 1989, you reestablished the Low Income Opportunity Board as a Working Group of the Domestic Policy Council.

The Board has considered proposals from 26 states and recommended waiver approval for 14 states. Despite this unexpected degree of success, the Board has not consistently met its goal of processing state requests in a timely fashion. This has been due, in part, to lengthy discussions between federal and state officials over appropriate evaluation and budget neutrality assurance standards.

The Family Support Act:

In late 1988, pressured by the states, Congress and the Administration enacted major welfare reform legislation: the

Family Support Act of 1988 (FSA). The new Act is built upon three precepts: (1) reducing poverty and dependency is an essential goal of welfare; (2) poverty and dependency fall as families increase their economic independence; and (3) the key to economic independence is work. By emphasizing coordination and state flexibility, the Act aims to achieve these goals.

The Bush Administration's Anti-Poverty Agenda:

The Administration thus faces a new law and a new approach to welfare reform through state and local innovation. The fundamental policy questions are the following:

- (1) how to continue the anti-poverty efforts already underway; and
- (2) whether the Administration should pursue additional anti-poverty proposals.

Four options are presented. For any of them to work, clear guidance is needed on the range of acceptable evaluation methods available to states pursuing demonstrations, including non-control group methods. Stringent evaluation guidelines make it difficult for states to undertake demonstrations and may discourage innovation. More flexible standards may encourage greater state experimentation, but provide greater risks to the budget and evaluation results.

The Domestic Policy Council addressed this issue and concluded that the Board should allow as much flexibility to states as possible while ensuring budget neutrality. The Council decided that the Board should not insist on the use of control groups in state demonstrations.

Options:

Option 1: Implement the FSA as the principal vehicle for welfare reform, relying less on new state experiments through the Low Income Opportunity Board.

Pros:

- o The FSA imposes numerous mandates and significant costs upon the states, and the impact of this new law needs to be evaluated. Therefore, further changes in welfare reform might be premature at this time.

Cons:

- o The FSA makes relatively modest changes in the welfare system, and even then only in the limited number of programs covered by the Social Security Act.

- o Relying less on state experiments through the Board would tend to "recentralize" the welfare system and reduce the impetus for state innovation.

Option 2: Continue to encourage states to submit demonstration proposals under existing waiver authority to the Low Income Opportunity Board.

Pros:

- o Sound evaluations of demonstration projects can enable us to learn what works in reducing poverty and dependency, and provide models for other states and localities.
- o Experience with state demonstration proposals indicates that many states would like to go beyond what is in the FSA (e.g., cash out Food Stamps, consolidate and simplify several programs, etc.). States will need waivers to implement such reforms.

Cons:

- o Extensive use of existing waiver authority may increase Congressional concern that the Administration is going beyond Congressional intent in carrying out the nation's welfare laws.
- o Since existing waiver authority is too narrow to accommodate broader welfare demonstrations that states may wish to pursue, this option will limit the potential for welfare reform.

Option 3: Continue to encourage state demonstration proposals under existing waiver authority, but press for legislative changes to further expand waiver authority across the welfare system. Under current law, waiver or demonstration authority varies significantly from program to program. Some include extensive authority; most have little or none.

Pros:

- o Broader waiver authority offers the only chance to test comprehensive reforms to the existing welfare system; without such authority, it will be nearly impossible to simplify the existing tangle of programs.
- o Comprehensive demonstrations that involve cross-program restructuring and the coordination of eligibility requirements or benefits levels are limited by programmatic variation in current waiver authority.
- o States have expressed interest in having broader waiver authority. On occasion, the Board had to deny state waiver requests because of limited existing statutory authority.

Cons:

- o In enacting the FSA, Congress rejected the broad state demonstration authority sought by the Reagan Administration. Committee jurisdictions will again make it difficult to press for legislation to expand waiver authority across the welfare system.
- o Putting welfare reform back on the legislative agenda may prove difficult in light of the recently passed FSA. Congress may feel that a period of time is necessary to assess the Act before looking at alternatives.
- o Reopening the welfare reform debate could provide the opportunity for Democrats to undo some of the provisions Republicans worked hard to include in the FSA (e.g., participation standards) and add provisions dropped earlier (e.g., a national minimum benefit, a mandatory full-scale AFDC Unemployed Parent [UP] program, etc.).

Option 4: Expand the role of the Board to become, in effect, a focal point for defining, coordinating, and publicizing the Administration's overall anti-poverty policy. This option can be coupled with any one of the first three options.

Pros:

- o The Board would become a forum for discussing and developing the Administration's low-income initiatives in education, employment assistance, social services, health care, housing, and economic development; thus, allowing the initiatives to be packaged in ways to maximize support for your agenda.
- o The Administration would be able to address pressing national poverty problems in a more systematic fashion.
- o The Administration would be seen by Congress and the public to be speaking with one coherent voice on these issues.

Cons:

- o With deficit-reduction still a high priority, there will be little room for new initiatives.
- o The Board's past practice has been not to second-guess the states; a more assertive federal role in developing anti-poverty strategies may discourage state initiatives and Congressional cooperation.

Recommendation:

The Domestic Policy Council considered welfare reform options at meetings on July 6 and July 25. In addition to its

general guidance that the Board should give states as much flexibility as possible within the context of assuring budget neutrality and sound evaluation, the Domestic Policy Council recommends approval of both Options 3 and 4.

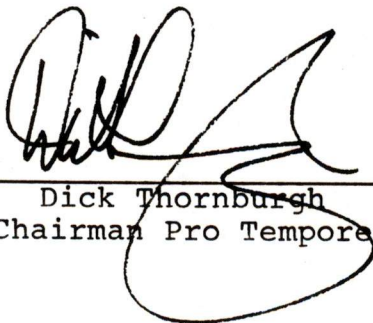
The Administration would continue to encourage state demonstration proposals under existing waiver authority, but press for legislative changes to further expand waiver and demonstration authority on a targeted basis.

The role of the Board would also be expanded to become the focal point for defining, coordinating, and publicizing the Administration's overall anti-poverty policy, under the direction of the Domestic Policy Council. The Board would develop, within 90 days, the principles of a conservative anti-poverty agenda, and document the Administration's efforts to date. At that time, the Board would report back to the Domestic Policy Council.

Some discussion focused on whether the Board is the appropriate body to consider the Administration's broader anti-poverty agenda. OMB suggested that in discussion of an anti-poverty agenda, the Board include other representatives (e.g., tax experts from Treasury) outside of the traditional Federal welfare agencies that comprise the Board. The OMB suggestion met with general agreement from Council members. It was further emphasized that in discussing an anti-poverty agenda, the Board and the Cabinet must exercise caution not to raise undue expectations of new budgetary commitments.

Decision:

Option 1 _____
Option 2 _____
Option 3 _____
Option 4 _____



Dick Thornburgh
Chairman Pro Tempore

THE WHITE HOUSE

WASHINGTON

May 19, 1989

To Governor Jesse
Dick Darman
Rudy Card
FYI
S/21

MEMORANDUM FOR DAVID BATES

FROM:

JOHN SCHALL *JAS*

SUBJECT:

Low Income Opportunity Board Meeting

The Low Income Opportunity Board met today to discuss a draft paper for eventual consideration by the full Domestic Policy Council. The paper addresses the question of the Administration's welfare reform objectives.

Essentially, the question will be how aggressively the Administration wants to use waiver authority for States to experiment with welfare programs. Options in the paper will include proposing legislation to amend last year's welfare reform bill (the Family Support Act of 1988) to provide broader authority for the Federal government to approve State welfare initiatives.

Bill Roper plans to have another meeting of the Board after Memorial Day for consideration of the options paper. He then would like to have a meeting of the full Domestic Policy Council to consider welfare reform. He would like to have a DPC meeting in the month of June. The paper will probably be ready for consideration early in June.

THE WHITE HOUSE

WASHINGTON

May 16, 1989

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: WILLIAM ROPER *Bill Roper*
SUBJECT: Status of Iowa's Welfare Reform Demonstration

1:15 One of the issues that Governor Branstad will raise with you at tomorrow's meeting is the State's welfare reform demonstration, which was submitted to the Low Income Opportunity Board last year. The Governor has earlier expressed frustration to you over the delay in processing his demonstration request and, in a letter to him on March 2, you assured him that the Board would seek a prompt resolution of his request.

POTUS meets with Gov. Branstad at 2:00
Not Chair R & A. not Iowa probe.
The state's demonstration has four major components. One, the "Family Development and Self-Sufficiency Program" was approved March 2, 1989. The other three have not yet been approved, because of the state's refusal to accept the Board's preferred control-group evaluation. However, HHS, OMB, and the White House have agreed, in principle, to approve the State's demonstration using the evaluation methods originally proposed by the State: a comparison group design for the "Cash Bonus" component and a prior experience approach for the Medicaid and child care transition components.

Because the transition benefits requested by Iowa are authorized by the new Family Support Act to begin April 1, 1990, there has been reluctance on the part of the Department of Health and Human Services to grant waivers for early implementation. In return for granting Iowa's request, both HHS and OMB have requested that the Board not approve any further demonstration requests for transition benefits already before the Board, which do not use a control-group design. Further, since these benefits become law shortly, they urge that the Board not consider any new proposals at all. While it is not likely that other States will come forward with new requests for transition benefits, there are several still before the Board and we will have to reach resolution on them.

The State had requested that federal matching be available from the time of implementation, which was October 1988 for its transition benefits and March 1988 for its Cash Bonus program. However, the Board's general practice has not been to grant retroactive waivers and it will propose that the waivers and budget neutrality calculations begin June 1, 1989. Further, it will allow the State to claim savings only after they have been demonstrated by the evaluation.

THE WHITE HOUSE

WASHINGTON

March 10, 1989

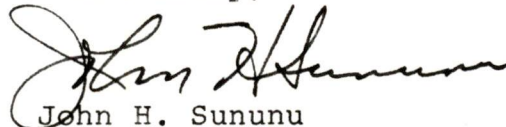
Dear Louis:

Congratulations on your confirmation as Secretary of the Department of Health and Human Services. I know that you will apply all of your considerable experience, knowledge, and dedication to your position, and I look forward to assisting you in every way I can.

One of the most important tasks before this Administration is the implementation of the Family Support Act of 1988. It was the product of a hard-won compromise between the White House and the Congress, and it reorients welfare in a way I know we both endorse -- toward the reduction of welfare dependency.

We must apply our best efforts to make it work. While you and HHS have the lead responsibility, successful implementation will require close coordination among several of our departments, at both policy and program levels, as well as a positive effort to give states the flexibility and encouragement to adapt their own approaches to the requirements of the Act. I believe the Low Income Opportunity Board, which has stimulated more than half the states to undertake welfare reform experiments, will be particularly helpful in this effort.

Sincerely,



John H. Sununu
Chief of Staff

The Honorable Louis Sullivan
Secretary of Health and Human Services
Washington, D.C. 20201

THE WHITE HOUSE

WASHINGTON

March 10, 1989

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

JOHN H. SUNUNU 

SUBJECT:

Reestablishment of the Low Income Opportunity Board

I. NEED FOR RECOMMENDED ACTION: On July 20, 1987, President Reagan established the Interagency Low Income Opportunity Advisory Board. The Board has worked well and should receive a clear indication of your support so that we do not lose momentum in the area of welfare reform. Also, it is important that the States do not perceive a loss of support for their welfare reform proposals and ongoing demonstrations.

II. RECOMMENDATIONS: Based upon numerous recommendations from State Governors, and discussions with members of the Domestic Policy Council and Senior Staff, I recommend that you reestablish the Board as "The Low Income Opportunity Board." The Board provides a focal point within the Federal government for coordinating policies which aid low income individuals and families. A major objective is facilitating the consideration of State reform proposals by providing States with a point of coordination at the Federal level. The Board provides an Executive agency forum to review new public assistance programs and legislation, and performs such other functions as you may direct.

The reestablished Board would be chaired by William L. Roper, Deputy Assistant to the President for Domestic Policy and Director, Office of Policy Development. Members would represent the Office of Management and Budget and the Departments of Agriculture, Education, Health and Human Services, Housing and Urban Development, Interior, Justice, and Labor.

To enhance the effectiveness of the Board in providing reform flexibility to the States, I recommend that it be directed, as a condition of its reestablishment, to adopt within 30 days a range of acceptable evaluation and budget neutrality assurance methods, including methods other than those relying on control groups, from which the States can choose. It should be further directed to give substantial deference to states in the use of other than control group methods if the proposing State finds control group methods unacceptable because of cost, potential legal challenges, or projected adverse impact on people in need of public assistance.

THE WHITE HOUSE

WASHINGTON

March 8, 1989

MEMORANDUM FOR ANDY CARD

FROM: BILL ROPER *BR*

SUBJECT: Reestablishment of the Low Income Opportunity Board

Last Week Chuck Hobbs met with Governor Sununu to present the recommendations of the Interagency Low Income Opportunity Advisory Board, and specifically that the Board be reestablished, in a streamlined form.

The Governor asked Chuck for a memorandum for the President, detailing these matters. I have attached Chuck's draft memorandum, which I have edited and agree with.

I believe that we need to move ahead expeditiously on the reestablishment of the Board. Thank you for your help.

Attachment

*8/c - send to
Gov. Sununu
for Cicconi/POTUS.
AK*

The recently enacted Family Support Act impacts on the entire range of public assistance policies and programs, and places new demands on the Executive Branch to ensure a coordinated, system-wide approach to reducing dependency. Since the Board has proved itself effective in coordinating welfare policies and programs in the Federal government and with the States, I, therefore, recommend the specific assignment of Family Support Act policy and implementation coordination to the Board.

Staff and other support would continue to be provided by the Departments of Agriculture, Education, Health and Human Services, Housing and Urban Development, Interior, Justice, and Labor. We have already reduced the size of the Board staff from twelve to three, and both the outgoing Board Chairman, Charles D. Hobbs, and incoming Chairman Roper believe three staff will be sufficient, given the expected support and cooperation of the various departments, and the experience and abilities of the core staff we have retained.

III. DECISION:

_____ reestablish the Low Income Opportunity Board as described above

_____ approved as amended _____ reject _____ no action

THE WHITE HOUSE
WASHINGTON

January 24, 1989

*To Richard
Brennen
for action
after checking w/ Andy.
1/25/89*

MEMORANDUM FOR JOHN H. SUNUNU

FROM: CHARLES D. HOBBS *CH*
SUBJECT: Welfare Reform Workplan

As we have discussed, I plan to keep the Interagency Low Income Opportunity Advisory Board active through March 1, when I will transmit its recommendations to the President and you as to whether and how to continue its efforts. Between now and then, I will concentrate on three activities to maintain momentum in the public assistance reform effort and keep the President's options open until he can decide how he wishes to proceed in this area.

First, the Board will continue to process the demonstration proposals before it. Twelve states have already obtained Board approval and, with our help, are in various stages of implementing their demonstrations. Ten more states currently have proposals before the Board and at least two more will be submitting new ones shortly. Review is underway and we will act expeditiously.

Next, with all the states I shall continue to show support for state-sponsored efforts to reduce dependency and poverty through welfare reform.

Finally, I shall continue to monitor and coordinate implementation of the key policy elements of the Family Support Act (FSA). Signed in October, it represents the greatest change to the welfare system in a generation. Whether that change will be in the direction of increased federal control or increased state flexibility is a key implementation issue.

Numerous studies, demonstrations, and program changes are required by the FSA. Some deadlines are already upon us. The Board has begun to discuss how these activities should be coordinated. Within the week I shall follow-up on those discussions with HHS and other involved agencies.

I also shall keep the acting secretaries and secretaries-designate informed as to the activities and progress of the Board.

Low Income
Opportunity Bd.

THE WHITE HOUSE

WASHINGTON

December 30, 1988

MEMORANDUM FOR GOVERNOR JOHN H. SUNUNU

FROM: CHUCK HOBBS *CH*

SUBJECT: Public Assistance Reform Activities

To provide continuity for the ~~Interagency Low Income Opportunity Advisory Board~~ during the transition period, I recommend three steps: immediate action by you to keep things moving until January 20, Presidential action on January 20 to continue the Board pending Presidential review, and a decision on March 1 as to the Board's future.

As a direct result of the Board's work, 30 states have formulated innovative welfare reform projects requiring Federal waivers: 13 have been processed and endorsed by the Board and are in various stages of implementation; 12 are currently under Board review; and five others are being drafted for presentation to the Board. Additionally, the Board is coordinating implementation of certain aspects of the Family Support Act of 1988, working with states with approved or pending reform proposals on transition to and evaluation of Family Support Act provisions. The Board is also responsible for review and formulation of general public assistance policy, and has initiated efforts to encourage community-based self-help projects. All of these activities should be continued through the transition and seriously considered for continuation indefinitely.

The ~~first action~~ should be a ~~letter from you to me indicating your and the President-elect's intention to continue the Board's processing of state welfare reform proposals and coordination of Family Support Act implementation pending further review~~ (see Attachment 1). This letter will reassure the states that their proposals will not "fall through the cracks" and stimulate the Federal departments to keep working on them.

The ~~second action~~ should be a ~~Presidential Action Memorandum on January 20 continuing the Board~~ for an interim period (see Attachment 2), which will enable the Board and its staff to survive Judgement Day.

Finally, I will prepare by March 1 the Board's recommendations for the future.

I look forward to assisting you and the President-elect in this transitional period in any way I can.

Attachments

December 30, 1988

Dear Mr. Hobbs:

The President-elect and I support the activities of the Interagency Low Income Opportunity Advisory Board. During the transition between Administrations, it would be helpful if you would plan to continue as Chairman of the Board and to process the proposals that States have before the Board within the normal time frames that have been pledged to the Governors. The Board should also continue its coordinating function to ensure that the Executive Branch is implementing the Family Support Act of 1988 as expeditiously as possible.

Please encourage the White House Office, the Office of Policy Development, the Office of Management and Budget, and all Departments directly involved in supporting the Board to continue providing the support necessary to meet the objectives. Finally, the Governors should know that they can expect continuity throughout the transition in the processing of their demonstration proposals.

After the transition we will be reviewing how best to provide strong support to the States and to maintain the existing welfare reform momentum. Accordingly, I would appreciate receiving, by March 1, 1989, the Board's recommendations regarding future direction and organization. Please let me know if I can do anything to assist you.

Best regards,

John H. Sununu
Chief of Staff Designate to the President-Elect

Mr. Charles D. Hobbs
Assistant to the President
Chairman, Interagency Low Income
Opportunity Advisory Board
The White House

January 20, 1989

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM: JOHN H. SUNUNU

SUBJECT: CONTINUATION OF THE INTERAGENCY LOW INCOME
OPPORTUNITY ADVISORY BOARD

I. BACKGROUND: On July 20, 1987, President Reagan established the Interagency Low Income Opportunity Advisory Board. The Board has worked well and should receive a clear indication of your support so that we do not lose momentum in the area of welfare reform. Also, it is important that the States do not perceive a loss of support for their welfare reform proposals and ongoing demonstrations during the transitional period.

II. DISCUSSION: The Board provides a focal point within the Federal government for coordinating policies which aid low income individuals and families. A major objective is facilitating the consideration of State reform proposals by providing the Governors with a point of coordination at the Federal level. The Board and staff also coordinate the implementation of the Family Support Act of 1988, and perform such other functions as you may direct.

As a direct result of the Board's work, 30 states have formulated innovative welfare reform projects requiring Federal waivers: 13 have been processed and endorsed by the Board and are in various stages of implementation; 12 are currently under Board review; and five others are being drafted for presentation to the Board. Additionally, the Board is coordinating implementation of certain aspects of the Family Support Act of 1988, working with states with approved or pending reform proposals on transition to and evaluation of Family Support Act provisions. The Board is also responsible for review and formulation of general public assistance policy, and has initiated efforts to encourage community-based self-help projects. All of these activities should be continued through the transition and seriously considered for continuation indefinitely.

Pending your further decision, the Board would continue to be chaired by Charles D. Hobbs, who directed President Reagan's welfare reform strategy, and has served as the Board's chairman since it was established. Members would represent the Office of Management and Budget and the Departments of Agriculture, Education, Health and Human Services, Housing and Urban Development, Interior, Justice, and Labor.

Expenses of the Board would continue to be paid from the White House Office and the Office of Policy Development funds. Staff and other support would continue to be provided by the Departments of Agriculture, Education, Health and Human Services, Housing and Urban Development, Interior, Justice, and Labor.

III. RECOMMENDATION: I recommend that, pending your decisions on the long-term future of the Board and formulation of your public assistance policies, you continue the Interagency Low Income Opportunity Advisory Board.

IV. DECISION:

_____ continue the Interagency Low Income Opportunity
Advisory Board as described above

_____ Approved as Amended _____ reject _____ no action

THE WHITE HOUSE
WASHINGTON

12/29/87

PLEASE GIVE TO ANDY AS SOON
AS POSSIBLE. THANK YOU.

CHUCK HOBBS

*Sumner
sent a letter
to Chuck
1/11/89*

Low Income Bd

THE WHITE HOUSE

WASHINGTON

December 30, 1988

MEMORANDUM FOR GOVERNOR JOHN H. SUNUNU

FROM: CHUCK HOBBS *CH*

SUBJECT: Public Assistance Reform Activities

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Finally, I will prepare by March 1 the Board's recommendations for the future.

I look forward to assisting you and the President-elect in this transitional period in any way I can.

Attachments

DRAFT

ATTACHMENT 2

January 20, 1989

ACTION

MEMORANDUM FOR THE PRESIDENT */chot*

FROM: JOHN H. SUNUNU

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OPPORTUNITY ADVISORY BOARD

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IV. DECISION:

_____ continue the Interagency Low Income Opportunity
Advisory Board as described above

_____ Approved as Amended _____ reject _____ no action

THE WHITE HOUSE
WASHINGTON

March 2, 1989

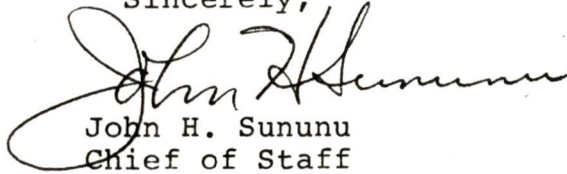
Dear Louis:

Congratulations on your confirmation as Secretary of the Department of Health and Human Services. I know that you will apply all of your considerable experience, knowledge, and dedication to your position, and I look forward to assisting you in every way I can.

One of the most important tasks before this Administration is the implementation of the Family Support Act of 1988. It was the product of a hard-won compromise between the White House and the Congress, and it reorients welfare in a way I know we both endorse -- toward the reduction of welfare dependency.

We must apply our best efforts to make it work. While you and HHS have the lead responsibility, successful implementation will require close coordination among several of our departments, at both policy and program levels, as well as a positive effort to give states the flexibility and encouragement to adapt their own approaches to the requirements of the Act. I believe the Low Income Opportunity Board, which has stimulated more than half the states to undertake welfare reform experiments, will be particularly helpful in this effort.

Sincerely,



John H. Sununu
Chief of Staff

The Honorable Louis Sullivan
Secretary of Health and Human Services
Washington, D.C. 20201

THE WHITE HOUSE

WASHINGTON

March 2, 1989

MEMORANDUM FOR SECRETARY SULLIVAN

FROM: ANDREW H. CARD, JR. 
SUBJECT: Low Income Opportunity Board

Governor Sununu has recommended to the President that the Low Income Opportunity Board be reestablished as the focal point for coordinating Administration policies to aid low income individuals and families, and for facilitating federal consideration of state welfare reform proposals.

He has asked that William L. Roper, Deputy Assistant to the President for Domestic Policy, become the chairman of the Board. For a limited time, he is asking for your assistance, and that of the Department of Health and Human Services, in providing staff support for Bill Roper in this role.

Specifically, he would ask that HHS employ, under a 180 day contract, three current employees of the White House who are working on the Board's activities: Peter Germanis, JoAnn Dubetz, and the previous chairman of the Board, Charles Hobbs. Germanis and Dubetz would be fulltime; Hobbs would be used on an as-needed basis, averaging one day per week. Further, he would ask that Delores Martin, who is on detail from the Social Security Administration to the Board until July, be continued here during that period.

These four persons would be officed here during the duration of this assignment.

Thank you for your help in this important matter.