

Politics and Policy: A Study of Welfare Reform During the Clinton Presidency

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A long time ago I concluded that the current welfare system undermines the basic values of work, responsibility and family, trapping generation after generation in dependency and hurting the very people it was designed to help. Today we have an historic opportunity to make welfare what it was meant to be—a second chance, not a way of life. And even though the bill has serious flaws that are unrelated to welfare reform, I believe we have a duty to seize the opportunity it gives us to end welfare as we know it.

—President Bill Clinton
July 31, 1996

On August 22, 1996, President Bill Clinton signed into law the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA). The law represented a landmark change in the nation's welfare system, replacing the longstanding program of cash aid with strict work requirements and time-limited assistance. Clinton's decision to sign the bill, however, was neither uncomplicated nor uncontroversial. Rather, the decision highlighted the broad array of political and policy interests that drive presidential decision-making. Proponents of the law argued that it satisfied a widely held belief that the nation's welfare system was in desperate need of an overhaul and made substantive steps toward moving the nation's poorest citizens into sustainable jobs. Opponents, however, accused the president of bowing to political pressure to sign a welfare reform package before the 1996 presidential elections.

This paper aims to examine the balance between political and policy interests in the Clinton administration and offer a close-up view of welfare reform's development, making use of recently released collections from the Clinton Presidential Library in Little Rock, Arkansas. Ultimately, the president's decision proves to be no less complicated or controversial than upon first inspection, in effect illustrating that both politics and policy

interests must be taken into account to explain presidential decisions. President Clinton’s decision to sign the bill, therefore, reflects the process by which it was reached—a process designed to highlight complexity by pitting politics against policy.

“They Always Wanted Work”

When Bill Clinton announced his candidacy for president in October 1991, the nation’s welfare system was hugely unpopular. Its central component, Aid to Families with Dependent Children (AFDC), had been in place since the passage of the New Deal’s Social Security Act in 1935.¹ The program, however, had undergone a decades-long process of evolution and expansion that its creators never imagined.

When it began, AFDC was envisioned as a temporary assistance program for widowed mothers. It was designed specifically to provide only limited aid to “divorced mothers and those with children born outside marriage, and it almost always excluded racial minorities.”² Over the next fifty years, exactly those groups grew to dominate the welfare rolls. The Economic Opportunity Act of 1964, which was aimed at changing the “culture of poverty that prevented poor people from developing the skills, attitudes, and outlooks that were necessary to succeed in American society,”³ encouraged activist groups to promote “welfare rights” and thus helped to expand the system by ensuring that more eligible families enrolled. By 1973, 11 million Americans—including one of every nine children—were on welfare.⁴

¹ The program’s original name was *Aid to Dependent Children*. The words “*Families with*” were added in 1962.

² Jason DeParle, *American Dream: Three Women, Ten Kids, and a Nation’s Drive to End Welfare* (New York: Penguin Group, 2004), 86.

³ Anne Marie Cammisa, *From Rhetoric to Reform: Welfare Policy in American Politics* (Boulder, CO: Westview Press, 1998), 50.

⁴ DeParle, *American Dream*, 91.

During the 1980s, the expansion of welfare rolls entered the national public consciousness at an unprecedented level. Academics called for systematic reform aimed at curbing the number of AFDC recipients while improving the lot of the urban poor. On October 13, 1988, President Ronald Reagan signed the Family Support Act, creating the first national program aimed specifically at moving welfare recipients into jobs. Instead, the welfare rolls expanded at an even quicker pace.⁵

On October 3, 1991, Bill Clinton announced his candidacy for president from the steps of Arkansas' Old Statehouse in Little Rock. In his speech, Clinton vaguely mentioned a goal of moving welfare recipients into jobs. The reference gained little attention in the nation's major papers. Bruce Reed, one of Clinton's speechwriters, however, realized that welfare's continuing expansion provided a unique opportunity to stimulate the campaign.⁶ Over the next three weeks, the campaign staff prepared for the first in a major series of speeches outlining Clinton's policy strategy.

On October 24, Clinton called for "an end to welfare as we know it." The phrase gained the national attention aides had hoped for. Within a matter of days, welfare reform was widely recognized as a major campaign issue. The message was clear—the days of welfare's expansion were numbered.

During the months preceding the election in November 1992, welfare reform remained an issue for both major party candidates. President George Bush offered a plan for reform that increased involvement by local and state governments and aimed a

⁵ U.S. Department of Health and Human Services, Administration for Children and Families, *US Welfare Caseloads Information: Average Monthly Families and Recipients for Calendar Years 1936-2001*, <www.acf.dhhs.gov/news/stats/3697.htm>.

⁶ DeParle, *American Dream*, 3.

message at welfare recipients to “get a job or get off the dole.”⁷ Clinton released details about his own plan for reforming welfare, which included work requirements, a two-year time limit on cash assistance, and increased spending on job training and child care for recipients. The proposal represented a significant departure from traditional liberal ideology. This departure formed the heart of Clinton’s New Democrat agenda, which was characterized by a belief that “the long-standing liberal commitment to guarantee economic welfare through entitlement programs such as Social Security, Medicare, Medicaid, and Aid to Families with Dependent Children had gone too far.”⁸

National newspapers suggested that the centrist tone of Clinton’s campaign was, at least in part, politically motivated. A September 10, 1992 article in USA Today claimed that Clinton’s welfare proposal “demonstrated how intensely he plans to court blue-collar, white suburban voters who voted for Ronald Reagan and were disenchanted with Democrats over such issues as welfare.”⁹ The article noted that Clinton’s move toward the right drew protests from traditional liberals in the Democratic party. In contrast to this assessment, Clinton’s longtime friend and advisor, Bruce Lindsey, suggests Clinton’s stance on welfare also arose from personal experience, particularly from contact with poor Arkansans during his tenure as governor. “He understood that [people] did not think the welfare system was what they wanted. He understood that given the choice between welfare and work, they always wanted work.”¹⁰

⁷ Michael Wines, *The 1992 campaign: the Republicans; Bush outlines welfare plan to California audience*, The New York Times, August 1, 1992.

⁸ Sidney M. Milkis and Michael Nelson, *The American Presidency: Origins and Development 1776-2002, Fourth Edition* (Washington, DC: CQ Press, 2003), 384.

⁹ Adam Nagourney, “Clinton proposes 2-year limit of welfare,” USA Today, September 10, 1992.

¹⁰ Interview with Bruce Lindsey, July 5, 2006.

“This Wonderful Bipartisan Coalition”

During the first weeks following the inauguration, the Clinton administration suffered a severe political identity crisis. Though he had campaigned as a New Democrat, Clinton’s “commitment to control government spending and to recast the welfare state was obscured during his first hundred days by a number of traditional liberal actions.”¹¹ Welfare reform was relegated to a position in the lower ranks of the administration’s agenda, squarely behind deficit reduction and health care reform. During the year that followed, many of the steps taken toward reforming welfare were largely symbolic.

On June 11, 1993, the White House released an official statement announcing that it would form a Working Group on Welfare Reform, Family Support and Independence. The group was to act as a sub-unit of the Domestic Policy Council. According to the official press release, the Working Group was to be chaired by Deputy Assistant to the President for Domestic Policy Bruce Reed and Department of Health and Human Services Assistant Secretaries David Ellwood and Mary Jo Bane. The group was to “spend the summer and fall developing a detailed proposal to make work pay, dramatically improve child support enforcement, expand basic education and job training, and create a time-limited transitional system under which people who can work will go to work.”¹²

Within days of the official announcement, members of the Working Group began circulating drafts of the administration’s early policy goals for reforming the welfare system. A draft of background material for a June 18 briefing of President Clinton by the

¹¹ Milkis and Nelson, 385.

¹² *Statement of the Press Secretary*, June 11, 1993, William J. Clinton Presidential Library and Museum.

group's chairs outlined three major issues in developing policies "consistent with the...themes that the President has consistently emphasized regarding welfare reform."¹³

The issues were: "reforming welfare versus replacing welfare; the dilemma of single parents and child support and insurance; and structuring a time-limited welfare and work."¹⁴

During the same briefing, Bruce Reed outlined the political implications of introducing a welfare reform proposal. His pre-meeting notes suggest he advised the president that the administration should not postpone introducing its plan for welfare reform past January 1994. After that date, Reed warned, the plan could falter as a result of "GOP mischief."¹⁵

With the administration's attention in 1993 devoted to deficit reduction and healthcare, however, the development of a detailed plan for welfare reform faltered well before January 1994. In December 1993, the Working Group sent the president an internal memo outlining proposals for achieving comprehensive welfare reform. The document is striking in its lack of detail, especially considering the proposed timetable for introduction discussed during the Working Group's first weeks of existence. The document's authors—Reed, Ellwood, and Bane—readily acknowledged the proposal's general nature:

We have not included specific budgetary costs and offsets. As we noted in our previous memo, we believe we can find savings and offsets in entitlement programs to fund the proposed changes. Costs, especially over the first five years, can be relatively easily adjusted by varying the speed of phase-in. We are currently working with OMB, Treasury, and HHS to

¹³David Ellwood and Mary Jo Bane, *Draft of Briefing for the President*, June 18, 1993, William J. Clinton Presidential Library and Museum.

¹⁴Ellwood and Bane, *Draft of Briefing*.

¹⁵Bruce Reed, *Political Overview/Timing*, June 18, 1993, William J. Clinton Presidential Library and Museum.

lay out options for offsets in phase-in for your consideration over the next few weeks.

At some point in the near future, we will need to discuss the details of these proposals with key members of Congress and Governors. We have already had numerous exploratory meetings, but ultimately the specifics are what must be discussed. With a select few, we would like to actually share all or parts of the draft discussion paper. With most, we would like to begin orally vetting specific ideas and options.

We would like a signal from you as to whether you're comfortable enough with our basic direction before we begin the more detailed consultation process. You don't have to decide any of the major questions now. We'll make clear that no decisions have been made, and many things are still on the table. But you should know that to get feedback we need from our likely allies on this issue, we will have to run the risk that some details may leak out.¹⁶

Within days of the president's receipt of the document, it leaked to the national press. The New York Times ran an article sharply questioning the administration's claim that cutting costs elsewhere in the federal budget could finance its ambitious plan for welfare reform. The article's author, Jason DeParle, predicted that "if past practices hold, advocacy groups will rebel, political bloodletting will follow and Mr. Clinton will wind up with a program not nearly as bold as his campaign promise to 'end welfare as we know it.'"¹⁷

Within days, the White House turned its attention to preventing the political fallout DeParle predicted. In a December 13, 1993 memorandum to the president, Bruce Reed outlined the administration's political strategy. The document asserted that the political success or failure of the administration's plan centered on resolving "a handful of tough philosophical and political issues that aren't central to the success of the plan but

¹⁶ Mary Jo Bane and David Ellwood and Bruce Reed, *Memorandum for the President*, December 2, 1993, William J. Clinton Presidential Library and Museum.

¹⁷ Jason DeParle, *The difficult math of welfare reform*, The New York Times, December 5, 1993.

will be very important in how the plan is viewed and debated.”¹⁸ In claiming that the plan’s fate depended on the upcoming development of further details, Reed also emphasized widespread support—among the public, key members of Congress, and outside interest groups—for the general shape of the proposal for a time limit on assistance.

Nonetheless, Reed called for a considered approach to potentially divisive issues. Chief among those issues were financing and legislative timing:

BAD NEWS I (\$\$): This wonderful bipartisan coalition that likes our welfare reform plan so much begins to fall apart on the issue of how to pay for it.

LEFT wants to raise taxes and not cut existing programs;
CENTER wants to cut existing programs and not raise taxes;
RIGHT either wants to move faster and pay for everything off immigrants, OR simply spend less money.

BAD NEWS II (Timing): The other issue that splits the coalition is timing.

LEFT wants to move slowly because afraid WR could veer right in election year.

CENTER -- tired of waiting, threatening to sign a discharge petition for GOP bill.

MOYNIHAN -- is happy for now but will tweak us till he gets a bill and date certain.

GOPs – have offered to work with us, but has also threatened to tack welfare amendments onto everything Congress considers after May 1.¹⁹

Reed’s prediction that poor legislative timing might stall welfare reform’s progress proved to be accurate over the next few months. The president’s plan for a national healthcare system lagged in Congress in early 1994. Since welfare reform was in line on the administration’s agenda behind universal healthcare, its progress came to a halt as well. “Obviously getting bogged down in healthcare early on sort of stopped that

¹⁸ Bruce Reed, *Memorandum for the President*, December 13, 1993, William J. Clinton Presidential Library and Museum.

¹⁹ Reed, *Memorandum*, December 13, 1993.

momentum,” says Bruce Lindsey. “If we had done welfare reform and some other things [first], we could’ve built a better consensus in the country, and that might’ve allowed us to do health care later on.”

During the late spring and early summer of 1994, as it became increasingly clear that President Clinton’s healthcare reform proposal would not pass Congress, the administration began shifting its focus toward welfare reform. In a May 30 memo to the president, Bruce Reed described the political status of the administration’s welfare reform plan. “As we have discussed before,” he wrote, “there is a broad and powerful consensus (with exceptions on the extreme right and left) for the basic elements of our welfare reform plan. Support for time limits, work programs, and tougher child support enforcement exceeds 80-90%, with little variation across race, class, or party.” Reed went on to highlight the importance of cultivating bipartisan agreement if the administration's reform proposals were to succeed.²⁰

On June 14, 1994, President Clinton gave a speech in Kansas City, announcing the introduction of The Work and Responsibility Act of 1994, the administration’s official welfare reform proposal. In the speech, Clinton continued to call for cooperation among Democrats and Republicans:

Ending welfare ought to be a bipartisan issue. Over the last 30 years, the poor have seen all the political posturing they can take. If we can heal families, I don’t care who gets the credit. Family is where we learn responsibility for ourselves and those we love, and family is where we find faith, dignity, and hope. Those values aren’t Republican values or Democratic values. They’re American values.

Garnering bipartisan support during the months preceding the 1994 mid-term elections, however, proved impossible. According to The Washington Post, late-July

²⁰ Bruce Reed, *Memorandum to the President*, May 30, 1994, William J. Clinton Presidential Library and Museum.

congressional hearings on Clinton's proposal "highlighted both the agreement and broad differences between competing Democratic and Republican plans and demonstrated how difficult it will be to pass any plan this year."²¹

On November 8, 1994, in President Clinton's words, Democrats "got the living daylights beat out of us."²² Republicans gained fifty-two House seats and eight Senate seats and took control of both chambers. The election, largely viewed as a referendum on the Clinton administration, "led political pundits to suggest that Clinton was, for all intents and purposes, a lame duck president."²³

After the elections, the administration found itself in an ironic and uncomfortable position with respect to welfare reform. Having enjoyed two years of relative influence over the legislative agenda, Clinton's administration had aimed to delay welfare reform's trek through Congress until its budget and healthcare initiatives passed. Now, reeling from an election that left the president with little influence over the legislative branch, the administration was simply along for the ride.

"Without My Approval"

When the new Republican-controlled Congress began its session in January 1995, welfare reform was near the top of the list of legislative priorities for Republican leaders. Newt Gingrich, the new Speaker of the House, called for a reform bill "to be written by the end of February, with a vote in March."²⁴

²¹ Eric Pianin, *Similarities, conflicts arise at welfare reform hearings*, The Washington Post, July 28, 1994.

²² Bill Clinton, *My Life* (New York: Knopf, 2004), 629.

²³ Milkis and Nelson, 390.

²⁴ *Both sides of the coin: comparing the plans*, USA Today, January 3, 1995.

The initial Republican-backed welfare plan—which had been outlined in their pre-election *Contract with America*—shared many similarities with Clinton’s plan. Both plans included time-limits on aid for recipients, work requirements, job training programs, and child-support enforcement. The plans differed, however, in their handling of child care for welfare recipients and legal immigrants. Clinton’s plan called for spending more than \$3 billion on child care for welfare recipients and the working poor, and it recommended that legal immigrants wait longer to be eligible for welfare benefits.²⁵ The Republican plan, in contrast, did not include spending for child care, and it called for the complete abolition of welfare benefits for legal immigrants.²⁶

In late January, however, the Republican plan for welfare reform changed dramatically. At Gingrich’s direction, the new proposal called for welfare to become a block grant program. As it stood, welfare was an entitlement program—anyone who qualified was guaranteed assistance. Block grants offered “fixed annual payments [to the states], regardless of need, and states manage as they see fit.”²⁷ At the White House, the change was initially met with skepticism. In a January 19, 1995, letter to President Clinton, Health and Human Services Secretary Donna Shalala outlined her concerns:

We believe this may be a defining issue for your Presidency. The proposal you submitted last year has as its goal a nationwide transformation of the welfare system into one that emphasizes work and responsibility while protecting needy children and supporting parents who play by the rules. By contrast block grants largely abandon the hope of bold national change toward a welfare system more in keeping with the nation’s values. Moreover, block grants would represent a profound and largely irreversible change in the policies designed to support low income families. In the end, we fear real welfare reform would not be achieved,

²⁵ *Both sides of the coin.*

²⁶ *Both Sides of the Coin.*

²⁷ DeParle, *American Dream*, 124.

and that both states and low income families could be far more vulnerable as a result of such a plan.²⁸

In response to the Republican block grant proposal, a group of moderate Democrats in Congress introduced their own welfare reform bill. In a memo to the president, Bruce Reed described this bill as “a souped-up version of ours: move people to work as quickly as possible, family cap state option, minor mothers live at home, national campaign on teen pregnancy, all our child support provisions, but a faster phase-in.”²⁹

By March, however, the Republican bill passed the House Ways and Means Committee and was sent to the House floor for final consideration. Democrats were faced with a plan much farther to the right of the political spectrum than they had anticipated. “Now there were literally no Democratic alternatives. There were only competing Republican visions of what ending welfare would mean.”³⁰ The Clinton administration responded by criticizing the Republican bill as “weak on work,” “tough on children,” and “not tough enough on deadbeat dads.”³¹ In a letter to Speaker Gingrich, Clinton reiterated his dissatisfaction with the bill’s current state:

I have always sought to make welfare reform a bipartisan issue. I still believe it can and must be. Unfortunately, the House Republican bill in its current form does not appear to offer the kind of real welfare reform that Americans in both parties expect.³²

When the Republican plan passed the House in late March, the administration hoped that the bill’s most radical measures would be tempered in the Senate, where many

²⁸ Donna Shalala, *Memorandum to the President*, January 19, 1995, William J. Clinton Presidential Library and Museum.

²⁹ Bruce Reed, *Memorandum to the President*, February 9, 1995, William J. Clinton Presidential Library and Museum.

³⁰ DeParle, *American Dream*, 130.

³¹ Bruce Reed, *Memorandum to the President*, March 2, 1995, William J. Clinton Presidential Library and Museum.

³² Bill Clinton, *Letter to Newt Gingrich*, March 20, 1995, William J. Clinton Presidential Library and Museum.

lawmakers “voiced disapproval of the House bill's elimination of cash benefits for legal immigrants, children born out of wedlock to teens under 18, and children born to women already on welfare.”³³ Reed called for a legislative strategy that concentrated on three primary goals:

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

2. Keep showing progress in ending welfare on our own. The best way to keep pressure on Republicans in Congress is to show that our fortunes are not tied to the legislative process. The President has a tool more powerful than a veto threat—call it a waiver threat. Every waiver we grant shows that we're willing to end welfare with or without Congress, and that we don't have to wait on them to give states more flexibility or move people from welfare to work...

3. Insist on bipartisanship. On an issue with such broad support among Americans in both parties, neither side wants to get caught on the extremes, either defending the status quo or punishing innocent children. We need to do everything we can to keep both sides from splintering and leaving us stuck in the center with nothing to sign.³⁴

On May 26, 1995, the Senate Finance Committee approved a bill sponsored by its chairman, Republican Senator Bob Packwood. Like the House bill, it transformed AFDC into a block grant for states. But it also dropped many of the strict guidelines imposed by the House bill. The administration referred to the Packwood bill as a step in the right direction. “In its current form,” wrote Bruce Reed to the president, “the Senate bill is far better than what the House passed, but is not yet as serious as it should be in our central

³³ Bill Nichols and Leslie Phillips, *Going gets tough for GOP welfare reform, Clinton/Senate in the way*, *USA Today*, March 27, 1995.

³⁴ Rahm Emmanuel and Bruce Reed, *Memorandum to the Chief of Staff*, March 30, 1995, William J. Clinton Presidential Library and Museum.

goal of moving people from welfare to work.”³⁵ Reed highlighted provisions to target for improvement as the bill moved to the Senate floor, including “more resources and incentives for to help the states meet work requirements and provide child care; a contingency fund to protect states against economic downturn and population growth; and requirements or incentives for states to maintain their current effort.”³⁶

Just as it appeared the Packwood bill would shape debate in the Senate, however, Republicans suffered a “deep chasm caused by the division within the Senate Republican caucus.”³⁷ The division pitted “conservatives against moderates, those who would trim the budget at any cost against those who would preserve federal programs that work.”³⁸ In response, majority leader Bob Dole postponed floor debate on the Packwood bill indefinitely.

As Republicans searched for consensus, moderate Democrats moved to introduce a reform bill of their own. Although it was far more conservative than most Democratic senators would have preferred, the Democratic bill attempted to moderate several of the provisions in the Packwood bill by ensuring “children wouldn’t be cut off if the parents failed to comply...[and it] contained funds for child care and for training and jobs.”³⁹ The bill also made significant concessions toward the right, including a “hard” lifetime limit of five years on welfare eligibility for recipients.

By the time the Senate returned from its fall recess in August, all signs indicated that a welfare reform bill would pass within weeks, and that when it did so, “it would

³⁵ Rahm Emanuel and Bruce Reed, *Memorandum for the President*, May 26, 1995, William J. Clinton Presidential Library and Museum.

³⁶ Emanuel and Reed, *Memorandum*, May 26, 1995.

³⁷ Elizabeth Drew, *Showdown: The Struggle Between the Gingrich Congress and the Clinton White House* (New York: Touchstone, 1996), 280.

³⁸ Leslie Philips, *Welfare reform entangled in Senate politics*, USA Today, June 21, 1995.

³⁹ Drew, 281.

amount to a conservative revolution.”⁴⁰ A bipartisan compromise reached in mid-September preserved the key elements of the Packwood plan, but appeased Democrats by adding \$3 billion for child care and a requirement that states maintain spending levels on their welfare programs.⁴¹

The Clinton administration immediately praised the bipartisan Senate bill. In his weekly radio address, the president predicted that “the votes taken this week by the United States Senate under the leadership of a bipartisan coalition of Democrats and moderate Republicans give us hope that a conclusion to this effort [to reform welfare] may only be days or weeks away.”⁴² Administration officials openly predicted that Clinton would sign a welfare reform bill in the coming weeks, saying “Clinton is unwilling to veto welfare legislation—unless he absolutely must—because of his long association with the issue as both a governor and in his campaign. Fears that Clinton would be cast as a captive of old Democratic interests, unwilling to fix an unpopular program and resistant to the change he promised, also played a role in his compromising.”⁴³

At the same time House and Senate conferees were preparing the final version of the welfare reform bill, Clinton dealt with “the defining controversy of his third year as president: the battle with the 104th Congress over the fiscal year budget.”⁴⁴ Clinton refused to allow substantial cuts in projected spending on certain social programs while attempting to balance the budget. When Congress failed to pass a spending bill, the

⁴⁰ DeParle, *American Dream*, 142.

⁴¹ Judith Havemann, *Senate Moves Closer to Passing Welfare Bill; Compromise-Threatening Amendments Offered by Democrats, GOP Conservatives Rejected*, The Washington Post, September 16, 1995

⁴² Bill Clinton, *Radio Address by the President to the Nation*, September 16, 1995.

⁴³ Ann DeVroy, *Clinton Aides: ‘Something’ better than nothing*, The Washington Post, September 21, 1995.

⁴⁴ Milkis and Nelson, 391.

government shut down—first for six days, then again for three weeks. Clinton convinced the public “that Gingrich, Dole, and the Republican Congress, not he, were responsible.”⁴⁵

In the wake of both government shutdowns, the political climate in Washington changed dramatically. The ensuing shift proved to be a turning point for both the Clinton presidency and welfare reform. Jason DeParle describes the change:

Until then, Clinton had sought political life by embracing Republican plans. He, too, favored block grants. He, too, was a balanced-budget man. Now the advantage lay in their differences, especially his refusal to accept the cuts in Medicare, a middle-class entitlement as popular as welfare was reviled. Welfare was, by contrast, a minor battleground, but this was no time for surrender. Give in to Gingrich on welfare? After a year of retreats, Clinton had a new answer: never!⁴⁶

Clinton vetoed the welfare reform bill once in December as part of a balanced-budget act, and again in January as a stand-alone bill. Both times, Clinton emphasized the tougher nature of the conference bill—which took a more conservative stance than the Senate-passed bill by reducing maintenance-of-effort requirements for state programs and decreasing benefits for the children of welfare recipients.⁴⁷ In his letter to Congress following the January veto, Clinton outlined his objections:

I am returning herewith without my approval H.R. 4, the “Personal Responsibility and Work Opportunity Act of 1995.” In disapproving H.R. 4, I am nevertheless determined to keep working with Congress to enact real, bipartisan welfare reform. The current welfare system is broken and must be replaced, for the sake of the taxpayers who pay for it and the people who are trapped by it. But H.R. 4 does too little to move people from welfare to work. It is burdened with deep budget cuts and structural changes that fall short of real reform. I urge the Congress to work with me in good faith to produce a bipartisan welfare reform agreement that is

⁴⁵ Milkis and Nelson, 391.

⁴⁶ DeParle, *American Dream*, 146.

⁴⁷ Robert Pear, *Battle over the budget: The legislation; Clinton vetoes GOP plan to change welfare system*, The New York Times, January 10, 1996.

tough on work and responsibility, but not tough on children and on parents who are responsible and who want to work.⁴⁸

“The Best Chance America Would Have”

In the months immediately following President Clinton’s two vetoes, there was little hope that he would be given another chance to sign a welfare bill. Both Bob Dole and Newt Gingrich were opposed to introducing any legislation that would give Clinton the chance to fulfill his promise to “end welfare as we know it” before the 1996 presidential election.⁴⁹ For Clinton, his position represented a significant political challenge. Having promised to overhaul the nation’s welfare system, he faced a return to the campaign trail with two vetoes to explain.

House Republicans outside the leadership, however, attempted to take further advantage of Clinton’s predicament. Led by the chairman of the House Ways and Means welfare subcommittee, Clay Shaw, Republicans attempted in early February to pass a welfare reform bill almost exactly like the Senate-passed version from 1995.⁵⁰ In doing so, they presented Clinton with an even tougher quandary: “If he signs the bill he will, by his staff’s estimates, throw more than a million children into poverty and infuriate his party’s liberal wing. If he vetoes it, the G.O.P. will accuse him of repudiating not only his campaign promise to reform the welfare system but also his grudging embrace of the Senate bill when it passed by an overwhelming majority in September.”⁵¹

⁴⁸ Bill Clinton, *Letter to the House of Representatives*, January 9, 1996, William J. Clinton Presidential Library and Museum.

⁴⁹ DeParle, *American Dream*, 147.

⁵⁰ DeParle, *American Dream*, 147.

⁵¹ *The Republican Welfare Trap*, The New York Times, February 2, 1996.

While House Republicans began positioning to introduce their bill, the National Governors Association met in Washington. On February 6, 1995, the association unanimously adopted their own plan for reforming the nation's welfare system. The compromise plan, which centered on state block grants, "tried to soothe fears that welfare reform might lack compassion by promising more federal money in some areas, such as providing child care assistance for recipients required to work for benefits. And they won support from others by proposing to dismantle much of the legal and bureaucratic apparatus the federal government for decades has used to require the states to help the poor and tell them how to do it."⁵² Both Republican leadership and President Clinton quickly endorsed the bipartisan plan.

On May 22, 1996, House Republicans introduced a bill based on the Governors Association proposal. Reactions from Clinton administration officials were mixed. In a memo to the president, Bruce Reed wrote that "the new bill moves in our direction on most of the issues you spelled out in your veto message."⁵³ Reed went on to cite the bill's improvements in funding for child care, increased contingency funds for states in times of economic recession, exemptions from "hard" time limits, and guaranteed child welfare entitlements. He also noted "the major areas where they did not move in our direction," emphasizing the bill's restriction on benefits for legal immigrants.⁵⁴

⁵² Ann DeVroy and John Harris, *Governors agree to entitlement overhaul: Clinton, hill leaders offer qualified praise for welfare and Medicaid plans; overhaul could help budget talk*, The Washington Post, February 7, 1996.

⁵³ Bruce Reed, *Memorandum to the President*, May 22, 1996, William J. Clinton Presidential Library and Museum.

⁵⁴ Reed, *Memorandum*, May 22, 1996.

Alice Rivlin, the Director of the Office of Management and Budget, also wrote a memo to the president outlining her view of the new bill. Rivlin placed greater emphasis on the bill's shortcomings, rather than its improvements:

The bill still has some very significant problems, however. It retains the optional Food Stamps block grant; allows States to dramatically reduce their own spending on welfare programs; cuts back Medicaid coverage for welfare families; no longer permits post-time limit vouchers for children; and continues the deep cuts in nutrition programs and benefits to legal immigrants.

While the legislation includes some improvements over H.R. 4, I would argue that it remains a bill the Administration should not support without further improvements. And, if the Administration wants improvements, we should be careful not to signal that we will sign the bill in its current form.⁵⁵

As the bill was introduced in the House, however, Republican leaders still wanted to avoid giving Clinton another chance to sign a welfare reform bill. Gingrich and Dole, in an effort to halt the bill's progress, attached "a 'poison pill' that would block grant Medicaid, imposing a huge health-care cut Clinton (and his wife) wouldn't abide."⁵⁶ Still, the Republican rank-and-file pushed for the bill's passage, and, in mid-July, Republican leadership agreed to cut Medicaid reform from the welfare bill. USA Today quoted the chairman of the House Ways and Means Committee, Bill Archer, as saying, "Mr. President, we are calling your bluff."⁵⁷ Congress was about to give President Clinton a third chance to sign a welfare reform bill.

As the bill passed quickly in the House and Senate, Clinton administration officials began advising the president on the bill's merits and shortcomings. Secretary of

⁵⁵ Alice Rivlin, *Memorandum to the President*, May 23, 1996, William J. Clinton Presidential Library and Museum.

⁵⁶ DeParle, *American Dream*, 148.

⁵⁷ Tom Squitieri and Richard Wolf, *GOP takes welfare reform one step closer*, USA Today, July 12, 1996.

Labor Alexis Herman sent a memo to Clinton saying there was “general acceptance that we need to reform the current welfare system, but there is deep concern about the direction the welfare reform bill is taking, and its consequences to the poor and women with small children.”⁵⁸ Herman also attached eleven pages of statements from outside advocacy groups, all of them critical of the welfare bill.

Bruce Reed also wrote to the president, emphasizing instead the bill’s strongest points and further opportunities for improvement by the House-Senate conference committee:

We have already won the battle on virtually every issue that is central to moving people from welfare to work, from providing health care and child care to requiring 80% maintenance-of-effort and giving states a performance bonus for placing people in jobs. The House and Senate bills are quite similar in all these areas, and both are dramatically better than the vetoed bill.

Many provisions of the vetoed bill that were tough on children have been dropped as well—cuts in school lunch, child welfare, and SSI for disabled children. The main battles in conference will be over protecting children from some of the cuts that remain—by allowing vouchers, containing the food stamp cuts, and alleviating or delaying the impact of the immigrant provisions.⁵⁹

On July 31, 1996, as the bill emerged from conference virtually unchanged, President Clinton gathered his cabinet and senior advisors for a final discussion of the welfare reform bill. As the meeting convened, its outcome was so uncertain that Bruce Reed and Health and Human Services Assistant Secretary for Public Affairs Melissa Skofield prepared media remarks for two separate scenarios: one if Clinton decided to

⁵⁸ Alexis Herman, *Memorandum for the President*, July 22, 1996, William J. Clinton Presidential Library and Museum.

⁵⁹ Bruce Reed, *Memorandum to the President*, July 23, 1996, William J. Clinton Presidential Library and Museum.

sign the bill, the other if he vetoed it.⁶⁰ Clinton, in his autobiography *My Life*, describes his decision:

Unlike the two bills I had vetoed, the new legislation retained the federal guarantee of medical care and food aid, increased federal child-care assistance by 40 percent to \$14 billion, contained the measures I wanted for tougher child-support enforcement, and gave states the ability to convert monthly welfare payments into wage subsidies as an incentive for employers to hire welfare recipients.

Most advocates for the poor and for legal immigrants, and several people in my cabinet, still opposed the bill and wanted me to veto it because it ended the federal guarantee of a fixed monthly benefit to welfare recipients, had a five-year lifetime limit on welfare benefits, cut over-all spending on the food stamp program, and denied food stamps and medical care to low-income legal immigrants. I agreed with the last two objections; the hit on legal immigrants was particularly harsh and, I thought, unjustifiable. Shortly after I signed the bill, two high officials in the Department of Health and Human Services, Mary Jo Bane and Peter Edelman, resigned in protest. When they left, I praised them for their service and for following their convictions.

I decided to sign the legislation because I thought it was the best chance America would have for a long time to change the incentives in the welfare system from dependence to empowerment through work.⁶¹

Politics and Policy

In the days following Clinton's decision to sign the bill, pundits and journalists turned their attention to evaluating his motives for doing so. Many argued that the president signed the bill because it was politically beneficial. The New York Times claimed, "Mr. Clinton's signature on the measure would win him many more votes than it

⁶⁰ Melissa Skofield, *Fax to Bruce Reed*, July 31, 2006, William J. Clinton Presidential Library and Museum.

⁶¹ Clinton, *My Life*, 720.

would cost him.”⁶² Peter Edelman later wrote that at the time of Clinton’s decision, the president’s political “quandary was one of his own making.”⁶³ Republican Presidential candidate Bob Dole referred to Clinton’s decision as an “election-year conversion.”⁶⁴

To some degree, these claims are correct. Election year political reality must have factored heavily into Clinton’s decision, but political concerns had also shaped the welfare reform debate since the start of Clinton’s presidency. In 1992, when Clinton announced his desire to “end welfare as we know it,” the phrase proved to be politically popular. It galvanized his presidential bid. Throughout his presidency, Bruce Reed had repeatedly advised Clinton of broad public support for welfare reform. In addition, Clinton faced campaigning for re-election having vetoed two other reform bills.

Political concerns alone, however, do not adequately explain President Clinton’s decision. Though welfare reform enjoyed broad public support, Clinton faced harsh criticism for signing the bill from the liberal wing of the Democratic Party. According to *The Christian Century*, the new law drew “reactions in the religious community ranging from anger to dismay and disappointment.”⁶⁵ Peter Edelman and Mary Jo Bane resigned from the administration in protest. Political support for the reform bill was broad, but not complete.

Policy interests, therefore, must have played some role in Clinton’s decision. As we have seen, President Clinton claims his decision was based on a belief that the welfare reform bill would take substantive steps toward improving the lives of America’s working poor. Bruce Lindsey also suggests Clinton’s decision was based on policy

⁶² Richard Berke, *The Welfare Bill: The Campaign; Fulfilling '92's Promise, Capturing a '96 Issue*, *The New York Times*, August 1, 1996.

⁶³ Peter Edelman, *The Worst Thing Bill Clinton Has Done*. *The Atlantic Monthly*, March 1997.

⁶⁴ *The Welfare Bill: Dole's Statement on Measure*, *The New York Times*, August 1, 1996.

⁶⁵ *Religious Groups Decry Welfare Bill*, *The Christian Century*, August 14-21, 1996.

interests, saying, “he thought the tradeoffs in the third bill were acceptable tradeoffs.”⁶⁶

This view alone, however, is incomplete as well, since political concerns also played a role in the president’s decision.

Ultimately, neither politics nor policy interests alone adequately explains President Clinton’s decision to sign the Personal Responsibility and Work Opportunity Reconciliation Act. Instead, we see that politics *and* policy influenced the decision, just as they had both played key roles in the development of welfare reform throughout Clinton’s campaign and presidency. President Clinton’s decision to sign the bill, therefore, reflects the process by which it was reached—a process designed to highlight complexity by pitting politics against policy.

⁶⁶ Interview with Bruce Lindsey.