

From: Pitts, Ted
To: Soura, Christian <ChristianSoura@gov.sc.gov>
Baker, Josh <JoshBaker@gov.sc.gov>
Date: 1/8/2014 2:05:25 PM
Subject: FW: Gov. Haley

JYI

From: Conda, Cesar (Rubio) [mailto:Cesar_Conda@rubio.senate.gov]
Sent: Tuesday, January 07, 2014 5:19 PM
To: Pitts, Ted; Perry, Richard (L. Graham)
Cc: Parkinson, Scott (Rubio)
Subject: RE: Gov. Haley

Ted,

Tomorrow afternoon, Sen. Rubio will be delivering a speech at an event hosted by the American Enterprise Institute in which he will announce conservative reforms for combatting poverty. A key component of our plan is to empower States to develop anti-poverty programs that suit their people's needs.

I wanted to share with you a Fact Sheet (below) on our proposals, in the event that the Governor's office is asked about how it would impact your State. We will be crafting legislation over the next few weeks and would appreciate your input.

If you or your staff have any questions about the plan, please feel free contact Scott Parkinson, who is our policy lead on this (cc'd on this email).

Thanks,

Cesar



RECLAIMING THE LAND OF OPPORTUNITY: CONSERVATIVE REFORMS FOR COMBATTING POVERTY

**U.S. Senator Marco Rubio
Wednesday, January 8, 2014**

Washington's Problem:

The Great Recession, President Obama's failed big government policies and Washington's all-around incompetence have hurt American workers by creating more debt and fewer middle class jobs. The resulting fiasco has put the opportunity to achieve the American Dream increasingly out of reach for millions of Americans. As the U.S. Senate considers extending unemployment insurance benefits this week, Senate Democrats are proposing nothing to help create more middle class jobs, nothing to help unemployed Americans fill these jobs, nothing to decrease poverty in America, nothing to reform unemployment programs, and nothing to stop America's growing debt. There is a better way to help catch those in our society who have fallen down and help them get back on their feet.

We are guided by the belief that America and Americans are not immune to tough times and dark days. The American Dream can be lost if we don't fight to keep it alive and ensure equal opportunity for our people to achieve it. Unemployment assistance must remain an important part of our social safety net, but these programs have to do more than simply provide a paycheck; they must be reformed to help people secure middle class jobs.

To address these challenges, we should redirect funds away from the federal government and steer them directly to states, while at the same time incentivizing work through a new, direct wage enhancement credit for lower income workers and the working poor.

The Facts:

- America is \$17 trillion in debt, while 20 million Americans are without a job. Millions more have given up on finding work. Work force participation is at a 35-year low.
- The long-term unemployment rate is higher today than it has been in 42 out of the past 46 years.
- The core assistance programs were created through different pieces of legislation and are administered by different agencies, with different eligibility requirements, incentives, and procedures. Implementation is sometimes but not always assigned to the states, sometimes but not always comes with matching state funds, and sometimes but not always with state-established income thresholds.
- America's unemployment assistance programs are administered by a complex web of federal bureaucracies, states and local governments. Since the Great Recession, Washington politicians have offered the American people only one recourse for dealing with the long-term unemployed: simply extend the eligibility period.
- Continuing Washington's status quo on dealing with unemployment does nothing about problems workers face when they are unemployed for long periods, including low morale that leads them to give up looking, the atrophy of skills and knowledge, and stigma from prospective employers; among others.
- In most states the value of a package of welfare benefits exceeded earnings from a minimum-wage job. In half of all states, the benefit package brought the family up to at least 80 percent of the state's median salary.
- Our current unemployment insurance system does a poor job of equipping our people with the skills and knowledge to find work.

The Solution: A Flex Fund That Empowers States To Develop Anti-Poverty Programs That Suit Their People's Needs

- States have always been the premier testing grounds for public policy innovations and reforms. Every state has unique unemployment challenges, requiring tailor-made solutions, not a one-size-fits-all Washington dictate.

- We must simplify the sprawling federal bureaucracy that administers our anti-poverty programs and instead create a “Flex Fund” that simply calculates an annual lump-sum payment for each state’s needs, transfers the funds, and measures progress by requiring the Department of Health and Human Services to annually report to Congress how each state is spending its Flex Fund.
- As its name suggests, the Flex Fund will empower states with needed flexibility to administer its programs. Already, we have seen states like Kentucky, Mississippi and Utah, among others, implement unemployment programs that promote online education and skills training. Results have been encouraging with unemployment recipients finding work more quickly while requiring less time on government assistance.
- States would have the flexibility to apply solutions that have worked in other states as well as other ideas, including relocation vouchers to facilitate job-based moves and eliminating marriage penalties in safety net programs.
- Given the significant impact of broken families on poverty, an approach that empowers states is a more effective way to engage civil society, community groups and faith-based entities with expertise in helping low-income Americans.
- Available funding would remain the same. Funding formulas should be calculated as the number of people in a state that are in poverty multiplied by a fixed per-person amount that is determined by the amount of money spent on the repealed federal programs or tax expenditures. The fundamental change being proposed is that states would decide how to spend the money, not Washington politicians and bureaucrats. Over time, empowering states to implement effective solutions will result in more people working and fewer people requiring government assistance.

The Solution: Replacing The Earned Income Tax Credit With A Wage Enhancement Credit

- Instead of continuing the Earned Income Tax Credit (EITC) and numerous federal welfare programs, federal dollars will instead be appropriated to states via the Flex Fund, and also serve as a mechanism to finance the new wage enhancement credit.
- Whereas the EITC is delivered as a lump-sum placement each year, a wage enhancement credit would be disbursed by the employer through each paycheck.
- This is real money being put back directly into the pockets of lower income working Americans, incentivizing their work and creating opportunity for upward mobility.
- The wage enhancement credit will be scaled per person based on gross income and will phase out as an individual’s income rises above a certain threshold.
- As poverty decreases, anti-poverty program spending through the Flex Fund will decrease. Moreover, as people accept low-income jobs, the wage enhancement credit will provide an incentive to avoid unemployment programs.
- Employers’ payments of the wage enhancement credit to eligible employees will be treated as payments of withholding and FICA taxes. This credit will come through general revenues, all while maintaining revenue neutrality.

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From: Pitts, Ted [<mailto:TedPitts@gov.sc.gov>]
Sent: Tuesday, January 07, 2014 4:46 PM
To: Perry, Richard (L. Graham); Conda, Cesar (Rubio)
Subject: RE: Gov. Haley

Richard,

Thanks for the intro.

Cesar, We can catch up at some point you can give me a call.

Thanks,

Ted Pitts
Chief of Staff
Governor Nikki Haley
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NOTE: GOVERNOR HALEY'S OFFICE FULLY COMPLIES WITH FREEDOM OF INFORMATION LAWS AND ALL EMAILS MAY APPEAR IN THE NEWSPAPER AT SOME POINT.

From: Perry, Richard (L. Graham) [mailto:Richard_Perry@lgraham.senate.gov]
Sent: Tuesday, January 07, 2014 4:38 PM
To: Conda, Cesar (Rubio); Pitts, Ted
Subject: RE: Gov. Haley

Hey Ted—I want you to meet Cesar Conda who is Senator Marco Rubio's Chief of Staff. Cesar, please meet Ted—he's probably the best equipped, savviest Chiefs among the R governors nationally. Yall may have plenty in common—yall may not.

Mainly wanted to make sure yall became acquainted with respect to what sounds like a promising policy initiative from Senator Rubio.

Thanks,
Richard

Richard S. Perry
Chief of Staff
Office of Senator Lindsey Graham
202-224-5972
202-224-3808 (fax)



From: Conda, Cesar (Rubio)
Sent: Tuesday, January 07, 2014 12:11 PM
To: Perry, Richard (L. Graham)
Subject: Gov. Haley

Richard:

Tomorrow, Sen. Rubio is unveiling an anti-poverty agenda, a key component of which involves giving power to the States to design their own programs and approaches.

I'd like to send some information about our plan to Governor Haley's office today. Would you be able to connect me via email to his CoS, Policy Director, or Communications Director?

Thanks

Cesar



Cesar Conda
Chief of Staff

Office of United States Senator Marco Rubio (R-FL)
Washington, D.C.