

NLWJC - Kagan

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Welfare-NGA Resolutions

July 24, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED
CYNTHIA RICE

SUBJECT: NEXT WEEK'S SPEECH ON STATE WELFARE REFORM EFFORTS

On Monday, July 28th, you will speak to the National Governors' Association in Las Vegas. We believe your speech is an opportunity to make a major statement on welfare reform one year after you signed the new law into effect and four years after you began to reform welfare by granting waivers to the states. You are scheduled to follow this speech with a Welfare to Work Partnership event on August 12th with several hundred business leaders in St. Louis who will accept your challenge to hire welfare recipients.

We thought that in the NGA speech you could provide a statement of the principles and values that have guided welfare reform. You could discuss the importance of work and responsibility, of requiring both parents to support their children, and also of teaching teenagers that staying in school and avoiding parenthood are the right things to do. You could talk about the new role of welfare workers: not to dole out checks, but to assist welfare recipients in meeting the challenge of joining the workforce. And you could talk about the need to support work -- to make sure it pays better than welfare -- through the minimum wage, EITC, child support, and investments in health care, child care, and transportation.

We also thought that in the NGA speech you could turn the spotlight on the states: to underscore the successes -- but also point out some of the shortcomings -- of state welfare reform efforts. You could emphasize that while we have much to be proud of, we cannot rest on our laurels. Instead, states must seize the opportunity to use savings from declining caseloads and the growing economy to put even more people to work. Many states are investing new funds in child care, transportation, and other welfare-to-work efforts; others are diverting savings to other parts of their budgets. We thought you could praise those who are doing the right thing, and scold, though not by name, those who are not. Overall, we hope in this speech that you could send a signal that we intend to hold states accountable for their actions.

Finally, you could include an update on education standards in the speech, probably referring to the announcements you will have made on Friday of the big city school districts that have agreed to adopt the new tests.

The State of the States

As you know, welfare reform began long before last August, with the waivers we granted to 43 states to allow them to impose tough work requirements and time limits and provide incentives to make work pay better than welfare. Under the new law, nearly 90 percent of these states have chosen to continue or build upon their waivers. Many of these states have intensified their efforts, either expanding small demonstration projects state-wide or leveraging additional financial or community resources for welfare to work efforts. Other states are simply in a holding pattern, postponing changes because of political conflict (i.e., New York and California) or for other reasons. Here's a summary of some of the interesting trends we've uncovered.

Child Care: Efforts to expand child care are widespread. Because of the additional \$4 billion we secured in the welfare law, all states are receiving more federal funds, which they must match with their own dollars. About half the states are increasing their spending beyond what is needed to match the new federal funds. Some states are adding quite a bit more: Wisconsin is adding \$160 million, Illinois is adding \$100 million, and Florida is adding \$23 million in new funds and shifting \$60 million from the welfare block grant to child care. A new paper by the Progressive Policy Institute praises Illinois, Michigan, and Washington for establishing "seamless" child care systems which provide subsidies for all workers below a certain income, whether they've been on welfare or not. (There's a growing concern that some states are short-changing the working poor by giving former welfare recipients priority for child care subsidies. Creating a universal, income-based system avoids that problem.)

Transportation: Several states have developed strategies to ensure welfare recipients have the transportation they need to get to work. Kentucky is now implementing an initiative to ensure that transportation is available in all areas of the state. Connecticut is earmarking \$2.2 million of its TANF funds for new transportation services for welfare recipients. New Jersey has announced a \$3.7 million initiative to move *Work First New Jersey* participants to work. In May, the Department of Transportation worked with NGA to award planning grants to help 24 states develop transportation strategies to support their welfare to work efforts.

Welfare to Work Programs: Nearly all state welfare-to-work programs include the traditional elements: job search, training, education, community work experience, and placement in unsubsidized jobs. But now, according to a new survey by NGA, 36 states are using welfare checks to subsidize private jobs, although mostly on a small scale. Twenty-seven states have "upfront diversion" programs which provide job search assistance or emergency cash grants to help prevent people from going on welfare. Several states (Maryland, Pennsylvania, Florida) provide tax incentives to companies that hire welfare recipients. In many states, the governor and other elected officials are reaching out to the business community to forge new partnerships. In Nevada, the state has set a goal for new casinos to set aside 10 percent of all positions for former welfare recipients.

Diverting Welfare Savings for Other Uses: Not all states are investing welfare savings in child care, transportation, or other welfare to work efforts. According to the Progressive Policy Institute, Ohio is actually cutting state spending on child care and is using some of its savings from lower welfare caseloads for tax cuts (the state protests that, with the infusion of federal dollars, it is still spending more overall on child care than before). In Connecticut, the governor proposed and the legislature enacted a plan which uses federal TANF dollars to replace existing state social services spending. In Texas, the state spent less than one-third of its surplus from declining caseloads on welfare to work programs; the rest was used on state programs previously funded by state dollars.

Child Support Enforcement: As you know, we have made progress in child support enforcement, increasing collections by 50% from 1992 to 1996. Last year's welfare law included tough new measures to help states track deadbeat parents across states lines. To date, however, many states have not enacted all the state laws needed to put these tough new measures into place. According to HHS, one state -- Idaho -- has not enacted any of the new child support provisions required by the new federal law. Moreover, nine states -- including California, which has 22% of the nation's welfare caseload -- will likely not make this October's deadline to put in place new child support computer systems. We think that in your speech you should underscore the need for prompt state action in these areas.

Talking Points on NGA Speech

One year ago, the President signed welfare reform into law because he didn't think governors should have to ask permission to impose tough work requirements and time limits and provide incentives to make work pay better than welfare.

As of July 1st, welfare reform has taken effect in all 50 states. Early indications are that so far, it is working.

There are 3 million fewer people on welfare than the day President Clinton took office, and a remarkable 1.2 million fewer since he signed welfare reform into law. This is the largest decrease in the welfare rolls in history, giving us the lowest percentage of the population on welfare since 1970.

In Monday's speech, the President will take a hard look at how we are doing -- to highlight successes and point out shortcomings of states. He will look at how we are doing in five areas:

- Creating jobs that will move people from welfare to work;
- Investing in child care to give women an opportunity to get and keep jobs;
- Making sure people who want to work have adequate transportation to get to work;
- Are states using savings to move people into the workforce or diverting them to other uses?
- And fifth, are they taking the steps necessary to make sure women and children are getting the child support to which they are entitled?

Examples to cite:

Creating Jobs

36 states are doing what the President has encouraged every state to do -- use welfare checks to subsidize private jobs.

Pennsylvania and Massachusetts are providing employers tax incentives to hire long-term welfare recipients, something we agreed to do on a national level in the bipartisan budget agreement.

Welfare to Work Partnership led by United Airlines CEO Jerry Greenwald launched May 20th at the White House, pledged to obtain commitments from over 1,000 companies within six months to hire people off of welfare.

Child Care

President made sure \$4 billion more in federal funds for child care was included in last year's bill.

About half the states are increasing their own spending as well.

Wisconsin, for example, is planning to add \$160 million.

Transportation

Kentucky has launched a coordinated effort across four cabinet agencies to ensure transportation is available.

In Wisconsin, where only 3.5 percent of welfare recipients own cars, the state's "Job Ride" initiative is vanpooling thousands of central city workers to suburban jobs.

Diverting Welfare Savings for Other Uses

The President will make a strong statement challenging states to use the savings from declining caseloads to put even more people to work and saying that he thinks the talk in some state Capitols about diverting funds to other uses is just plain wrong.

Some states are doing the right thing. Maryland has committed to maintain its spending in welfare reform, pledging to keep its state spending at 100% of historic levels to invest in the things people need to go from welfare to work.

Child Support Enforcement

The new welfare law included tough new measures to help states track deadbeat parents, such as new hire reporting, license revocation, centralized collection, and paternity establishment.

States need to pass their own laws to put these new measures in place, but not all states have. The President will make a strong statement urging governors to work with their legislatures and get it done.

WR - NGA speech

**PRESIDENT WILLIAM J. CLINTON
NATIONAL GOVERNOR'S ASSOCIATION
LAS VEGAS, NEVADA
JULY 28, 1997**

Acknowledgments: Governor Miller -- thank you for your leadership of the NGA over the past year. Hillary and I are also grateful to you for your leadership in the area of early childhood development, an issue that we care so much about; Gov. Voinovich -- congratulations on assuming the NGA chairmanship; and Gov. Carper -- congratulations on becoming vice chairman; Sec. Riley; Mickey Ibarra, our new director of intergovernmental affairs; Fred Duval, deputy director for governors.

I am glad to be here in the great city of Las Vegas. Two days ago I was at Lake Tahoe. Governor Miller, you've got a beautiful state. This is the fifth year I have spoken to the NGA as President, and each year we have seen progress in strengthening the growing partnership between the White House and the state house. When I first took office in 1993, I had a clear vision of what it would take to prepare our country for the vast opportunities and challenges of the 21st century. I believed then, as I believe now, that we must be committed to the pursuit of opportunity for all, responsibility from all, in a community of all Americans.

That means that, above all, we must work together. The American people made it clear some time ago that they wanted a shift in the balance of power between Washington and the states. They wanted a smaller, more efficient federal government -- one that did not try to solve all problems, but set national priorities and gave people the tools to make the most of their own lives. They wanted a federal government that cost less and worked better. And we have given them that.

We all know that the best way to limit big government in Washington is to have better government in the states. Thanks to you, that is what we are getting. More and more of what used to be run out of Washington has now been turned over to you -- and you are proving that you are up to the challenge. We have also asked the American people to take a more active role in this new partnership -- calling for greater personal responsibility and a renewed commitment to citizen service. And that too is having a positive impact.

Just look at what we have accomplished together. In 1993, we put in place a new economic approach -- reducing the deficit to create the conditions for growth; investing in the education and skills of our people so all Americans can reap the rewards of prosperity; and an aggressive drive to open foreign markets to our goods and services. We now have the strongest economy in a generation: the

deficit is down 77%; 12.5 million new jobs; unemployment is the lowest since 1973; we have the biggest drop in income inequality and the lowest inflation in 30 years. All this was made possible by the combined efforts of all of us in this room and citizens from Maine to Hawaii.

Our country is in strong shape. We are well prepared for the 21st century. But, today I want to talk about two things we must do to keep us on the right track. First, we must continue to move forward on welfare reform so that the problem of generational dependency does not become the legacy of this century and follow us into the next. And second, we must make sure we give our children the world's best education -- one that challenges them to achieve at the highest standards so they will have the skills and confidence to take advantage of the vast opportunities of the 21st century.

Fixing our broken welfare system has been one of the top priorities of my presidency. Since I took office, we granted waivers to 43 states to help you launch welfare reform experiments that emphasize work and personal responsibility. And last year we took the bold step of finally ending welfare as we know it. We began to transform the system -- to make welfare a second chance, not a way of life, and to elevate our values of family and work and responsibility. A year ago, I signed welfare reform into law to make tough work requirements, time limits and parental responsibility the law of the land. There was a lot of debate at the time over whether this bold experiment would work. We still have more to do. But today, the old debate is over: welfare reform works.

There are 3 million fewer people on welfare than the day I took office and a remarkable 1.2 million fewer since I signed welfare reform into law. Nine states have cut their rolls by more than 40% in the last four years. Wisconsin and Wyoming have cut their caseloads in half. This is the largest decrease in the welfare rolls in history, giving us the lowest percentage of the population on welfare since 1970.

But even more impressive than these numbers is the pride that comes from a mother being able to tell her children she now has a job, or a community being able to come together to create jobs and hire and train people on welfare, or a child who now has access to safe, healthy, good quality day care because her state chose wisely to invest in child care.

And we should also be proud of the fact that we are on course to fix the things we said we were going to fix. In the balanced budget agreement, we got commitments to restore the most egregious cuts in aid to legal immigrants and to restore \$1.5 billion for food stamps. State and local officials were central to this battle for fairness. You agreed with us that those provisions represented a cost-shift to states that would have undermined our efforts at true reform. And I

thank you for that.

So, there is much that we should be proud of. But, there is also much more to do. Welfare reform is not a fait accompli, but a work in progress. You asked to be cut loose from federal bureaucratic strings that tied your hands and impeded the pace of reform -- and we did that. But we must never forget, with flexibility comes responsibility. When I signed that bill into law, I did not sign away my responsibility to make sure it achieved its stated purpose of moving people from welfare to work. States now have both the added power and the added responsibility for making that a reality.

So, today, nearly one year after the enactment of welfare reform, I want to take a hard look at how we are doing -- to highlight our successes, point out our shortcomings and to challenge everyone involved -- welfare recipients, the business community, the religious community, civic and non-profit organizations, state legislatures, local officials and governors -- to redouble our efforts so that we can meet our goal of moving a million people from welfare to work by the year 2000.

We need to take a look at what states are doing in four areas that are critical to moving people off welfare: jobs, child care, transportation and child support.

The first thing we need to do is assess how well we are doing in creating jobs that will move people from welfare to work. As I have said all along, if we are going to require people to work we have to provide them with the opportunity to work. Nearly all state welfare-to-work programs include the traditional elements of job search, training, education, community work experience and placement in unsubsidized jobs. But now, 36 states are doing what I have encouraged every state to do -- use welfare checks to subsidize private jobs.

We made sure that the balanced budget agreement we reached with Congress included \$3 billion in welfare-to-work funds to help create the jobs to move people from welfare to work. I also secured a commitment from congressional leaders to give private employers tax incentives to hire long-term welfare recipients. Pennsylvania and Massachusetts are among those states that is already doing this. Let me say, I believe that every one of those new workers should earn at least the minimum wage and receive the protections of existing employment laws that other workers enjoy.

Our Welfare-to-Work partnership is bringing together CEOs of small and large companies committed to hiring people off welfare. I want to thank Governors Tommy Thompson and Tom Carper for co-chairing the Partnership's Advisory Council. I urge all of you to become members and I challenge you to create similar public/private partnerships in your own states. North Carolina is among a growing list of states that are already doing quite well in this area.

Here in Las Vegas, the state and the hotel/casino industry have been working closely to create training programs and hire welfare recipients. MGM Grand Hotel has hired over 1000 welfare recipients during the past several years. And the state has set a goal for new casinos to set aside 10 percent of all positions for former welfare recipients.

Child care is a critical support for families moving from welfare to work and low income families trying desperately to make ends meet. Parents need child care so they can work without worrying and children need quality child care so they can learn and grow. We simply cannot expect parents to go to work if they have nowhere to send their children during the day. We would not think of imposing that dilemma on our families -- and we should not do that to families struggling to make the move to independence. That is why I made sure the welfare reform bill added \$4 billion more in child care assistance. Now, you must do your part.

I am pleased to report that efforts to expand child care are widespread. Because of the additional \$4 billion we secured in the welfare law, states are now receiving more federal dollars. About half the states are increasing their spending beyond what is needed to receive all of their new federal funds. Some states, including Florida and Wisconsin are adding quite a bit more. And some states are creating seamless child care systems which provide subsidies for all workers below a certain income, whether they have been on welfare or not. That is a model that should be followed throughout the country. So, I challenge every state to make a significant investment in child care.

The First Lady and I are convinced that the availability of quality, affordable child care for all who need it, is the next great frontier we have to cross to truly enable American families to reconcile the demands of work and home. That is why on October 23rd, we will convene the first-ever White House Conference on Child Care to discuss the strengths and weaknesses of the present system so we can find ways to achieve our goal.

The third thing we ought to take a look at is how well we are doing in making sure there is adequate transportation to get those moving from welfare to work to jobs, which often are outside their neighborhoods.

One of the biggest barriers facing people -- in cities and in rural areas -- who move from welfare to work is finding transportation to get to jobs, training programs and day care centers. Today, only about 6 percent of those on welfare have cars. In many big cities, no matter how long people sit on a public bus, they can't reach half the entry level jobs. At the same time, businesses in the suburbs need new workers. Our challenge is to make sure that lack of transportation is not an obstacle to getting people who want to work to jobs where they are needed. That is why I urge the Congress to pass a transportation bill that includes my proposal for \$600 million to help states and local communities devise transportation

strategies to move people from welfare to work.

Some communities and states have already started to address the transportation challenges of welfare reform. Kentucky's "Empower Kentucky" initiative combines the resources of four cabinet offices in a free transportation brokerage system that will assure transportation is available in all areas of the state. Michigan's "Project Zero" provides transportation in its effort to put every able-bodied welfare recipient to work. And in Wisconsin, where only 3.5 percent of welfare recipients own cars, the state's "Job Ride" initiative is vanpooling thousands of central city workers to suburban jobs. Other states are devoting a portion of their welfare block grant funds to transportation. We need this kind of innovation in more states. And we need Congress to support these types of efforts in the ISTEA bill.

Fourth, we know that child support can be the difference between welfare and self-sufficiency. Every child has two parents and they are entitled to the support of two parents. We have made remarkable progress in this area -- increasing child support collections by 50% from 1992 to 1996. And we made sure the welfare law included tough new measures to help states track deadbeat parents across state lines. To date, however, not all states have taken all the steps to put these measures in place. For those states that are lagging behind, this is one of the critical steps in welfare reform. For the sake of the law and the children, it cannot wait. Work with your legislatures to get it done. And put in place no-nonsense state-wide child support collection systems that work for every child and every family.

Finally, let me add a caution. Welfare reform will only work if states continue to use the savings they are now seeing to move more people into the workforce -- those savings should not be diverted to other uses.

Together, we have lowered the welfare rolls by over 3 million people in four-and-a-half years. That is a great accomplishment. But we all know that many of the people left on the welfare rolls are those with the least skills and experience, who may require extra help in getting into the workforce. That is why I believe debates in some state Capitols about how to divert welfare savings away from welfare reform to other uses are just plain wrong. We should invest those savings to put even more people to work. Cutting back on child care or financing a big tax cut defy the spirit of the law. I challenge every state to follow Maryland's lead -- take the money you save from lowering your caseloads and use it for the child care, transportation, and training that people need to move from welfare to work.

It is clear: as we approach the first anniversary of this bill, welfare reform is working. But, we must not rest on this early success. We still have a ways to go to make the permanent underclass a thing of the past. I know of the good work

you all doing and I urge all of you to intensify your efforts to make sure we uphold our end of the bargain and our most cherished values of work, family, and responsibility.

I want to ask for your help in one other area -- education. As you know, the centerpiece of my comprehensive plan for improving American education -- and the most important thing we can do to give our children the world class education they deserve -- is an insistence on high standards. Not federal standards, but national standards of excellence that every child can meet.

In my State of the Union, I challenged every state to adopt these high standards, and by 1999 to test every 4th grader in reading and every 8th grader in math to make sure these standards are met. Since I issued that call, governors and education leaders in six states have agreed to participate in these tests. I want to thank North Carolina, Maryland, Massachusetts, Michigan, Kentucky and West Virginia, along with the Department of Defense schools all over the world for stepping up to this challenge.

Last week, Secretary Riley and I attended a meeting of the National Association of Elementary School Principals in Washington, where we announced that fifteen of our largest school districts -- including the schools in six of the seven largest cities in America have committed to adopt national standards and participate in this testing program. That means that now 8.6 million children -- one out of every 5 public schoolchildren in America -- will be held to world class educational standards in the basics. So, we are making progress. But we need more states to join this effort. For more than a decade, governors have been the leaders in educational reform. You have been leading the effort to raise standards in your states. But as long as each state is doing this on its own, your students will not know if they are meeting the requirements of the global economy. They deserve better than that -- and we have a responsibility to give it to them.

This is not about the federal government taking over education, it is about every one of us doing all we can to inspire our children to reach for and realize their highest potential. We owe it to our children to set high standards and to measure how well they are doing -- not just against your state's expectations, but against the requirements they must meet throughout the country and the world. And we have to take whatever steps are needed to ensure that all our kids can meet these standards. So, today I urge every governor who has not stepped up to this challenge to do so. It is the most important thing we can do to prepare our children to succeed in the century ahead.

Welfare reform and education reform -- both are state responsibilities, but national priorities. And both are critical to making sure America is strong and growing into the next century. I want to thank all of you for your leadership on

these two important fronts. But I want to caution you that nothing we do in these areas will matter unless we come together as One America.

Last month, in San Diego, I issued a call for all our citizens to begin a great national dialogue about the issue of race. I asked us to focus on how we can enter the next century as the most successful multiracial, multiethnic, multireligious democracy the world has ever known. And I was pleased that two former governors -- Thomas Kean of New Jersey and William Winter of Mississippi -- agreed to serve on my advisory board.

You are already seeing the great demographic shift that is literally changing the face of America. Today, Hawaii is the only state in America that has no majority race. Within four years, California will also have no majority race. And within 30 years, there will be no majority race in this country. We know what we will look like in a generation -- the question before us today, is what will we be like. Can we respect and celebrate our differences, while uniting around a common set of values? Can we open our minds and hearts to ensure that all our citizens of every race, ethnic background and income level, have an equal chance to make the most of their lives?

How we answer those questions will determine what kind of a nation we will be in the next century. We will need your help in the coming months as we grapple with the difficult issues that still divide us and set a course of unity for our future. I know I can count on your support.

Thank you and God bless you all.



Cynthia A. Rice

07/25/97 02:00:26 PM

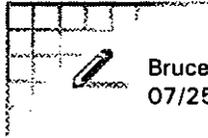
Record Type: Record

To: Bruce N. Reed/OPD/EOP
cc: James T. Edmonds/WHO/EOP, Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP
bcc:
Subject: Re: NGA edits 

The caseload data are:

"Nine states have cut their rolls by over 40% in the last 4 years; Wisconsin and Wyoming have cut their caseloads in half."

Bruce N. Reed



Bruce N. Reed
07/25/97 12:46:31 PM

Record Type: Record

To: James T. Edmonds/WHO/EOP, Cynthia A. Rice/OPD/EOP, Elena Kagan/OPD/EOP
cc:
Subject: NGA edits

Excellent work on the speech, as usual. I have a few suggestions and thoughts on how to shorten it:

1. At the end of the 1st full graph on p. 2 ("Fixing our broken welfare system.."), I think we should make more of the fact that welfare reform is working better than most expected. I would change the last 3 sentences into a new graph (in bold) that says, "A year ago, I signed welfare reform into law to make tough work requirements, time limits, and parental responsibility the law of the land. There was a lot of debate at the time over whether this bold experiment would work. We still have more to do. But today, the old debate is over: welfare reform works." That should be a good soundbite and applause line.
2. In the next graph, you should add a sentence about state caseload reduction. Cynthia can give you the specifics. It would say something like, "X states have cut their rolls by over 40% in the last 4 years; Wisconsin (and any others) has cut its caseload in half."
3. On p.3, I would drop the 5 questions, which take a lot of time, and just say, "We need to take a look at what states are doing in 4 areas that are critical to moving people off welfare: jobs, child care, transportation, and child support."
4. On p. 4, I would move the other area (savings) to 5th (after the child support graphs). I would drop the sentence "we all know that some things are not going so well" since we don't have any specific examples of states diverting \$. This works better as a general caution than as an assessment.

5. On p. 5, instead of "We still have a ways to go before we can declare victory", I would say, "We still have a ways to make the permanent underclass a thing of the past."

Thanks -- let me know if you need anything.



Cynthia A. Rice

07/25/97 08:53:07 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP, Diana Fortuna/OPD/EOP, Emily Bromberg/WHO/EOP
cc:
Subject: Questions for you re: NGA Speech

States to Mention

I propose to substitute some different states as examples to make the list of states praised more bipartisan.

On page 3 --

Instead of Florida giving tax credits, list Pennsylvania and Massachusetts (this will also keep Florida from being mentioned twice).

Take out Washington (leave North Carolina) re: public/private partnerships

On page 5 --

Challenge every state to follow Maryland's lead to take the money saved from caseload reduction and use it for welfare reform (take out Indiana and Oregon -- they aren't great examples anyway).

With these changes, we will praise--

- | | |
|-------------------|----------------|
| Pennsylvania | North Carolina |
| Wisconsin (twice) | Florida |
| Michigan | Kentucky |
| Massachusetts | Maryland |

Also, Governor Carper and Thompson will be mentioned name as co-chairs of the Welfare to Work Partnership Advisory Council.

Child Care Question for Bruce and Elena

On page 4 -- do we want to mention the White House Child Care conference here? We had originally thought no, because the conference will focus on child care beyond the welfare realm. However, I think the way it's done here gives it a universal theme -- particularly after the President's call for more universal, seamless systems. So I'd be happy to leave it in. Question: have we announced the date of the conference yet?

Question for Emily

Diana asked me last night if it's excessive on page 2 to say that "Governors were central to this battle for fairness" in restoring legal immigrant and food stamp cuts. It sounds like it is, although we could say it anyway. What do you think?

Talking Points
on NGA Speech

One year ago, the President signed welfare reform into law because he didn't think governors should have to ask permission to impose tough work requirements and time limits and provide incentives to make work pay better than welfare.

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States need to pass their own laws to put these new measures in place, but not all states have. The President will make a strong statement urging governors to work with their legislatures and get it done.

DRAFT

I am glad to be here in the great city of Las Vegas -- America's undisputed capital of fun. This is the fifth year I have spoken to the NGA as President, and each year we have seen progress in strengthening the growing partnership between the White House and the state house. When I first took office in 1993, I had a clear vision of what it would take to prepare our country for the vast opportunities and challenges of the 21st century. I believed then, as I believe now, that we must be committed to the pursuit of opportunity for all, responsibility from all, in a community of all Americans.

That means that, above all, we must work together. And in 1992, the American people made it clear that they wanted a shift in the balance of power between Washington and the states. They wanted a smaller, more efficient federal government -- one that did not try to solve all problems, but set national priorities and gave people the tools to make the most of their own lives. They wanted a federal government that cost less and worked better. And we have given them that.

We all know that the best way to prevent the invasion of big government from Washington is better government in the states. Thanks to you, that is what we are getting. More and more of what used to be run out of Washington has now been turned over to you -- and you are proving that you are up to the challenge. We have also asked the American people to take a more active role in this new partnership -- calling for greater personal responsibility and a renewed commitment to citizen service. And that too is having a positive impact.

Just look at what we have accomplished together. In 1993, we put in place a new economic approach -- reducing the deficit to create the conditions for growth; investing in the education and skills of our people so all Americans can reap the rewards of prosperity; and an aggressive drive to open foreign markets to our goods and services. We now have the strongest economy in a generation: the deficit is down 77%; 12.5 million new jobs; unemployment is the lowest since 1973; we have the biggest drop in income inequality and the lowest inflation in 30 years. All this was made possible by the combined efforts of all of us in this room and citizens from Maine to California.

Our country is in strong shape. We are well prepared for the 21st century. But, today I

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want to talk about two things we must do to keep us on the right track. First, we must continue to move forward on welfare reform so that the problem of generational dependency does not become the legacy of this century and follow us into the next. And second, we must make sure we give our children the world's best education -- one that challenges them to achieve at the highest standards so they will have the skills and confidence to take advantage of the vast opportunities of the 21st century.

Fixing our broken welfare system has been one of the top priorities of my presidency. Since I took office, we granted waivers to 43 states to help you launch welfare reform experiments that emphasize work and personal responsibility. And last year we took the bold step of finally ending welfare as we know it. We began to transform the system -- to make welfare a second chance, not a way of life, and to elevate our values of family and work and responsibility. One year ago, I signed welfare reform into law because I didn't think governors should have to ask Washington for permission to impose tough work requirements and time limits and provide incentives to make work pay better than welfare. As of July 1st, welfare reform has taken effect in all 50 states. And early indications are that so far, it is working.

There are 3 million fewer people on welfare than the day I took office and a remarkable 1.2 million fewer since I signed welfare reform into law. This is the largest decrease in the welfare rolls in history, giving us the lowest percentage of the population on welfare since 1970.

But even more impressive than these numbers is the pride that comes from a mother being able to tell her children she now has a job, or a community being able to come together to create jobs and hire and train people on welfare, or a child who now has access to safe, healthy, good quality day care because her state chose wisely to invest in child care.

And we should also be proud of the fact that we fixed the things we said we were going to fix. In the balanced budget agreement, we got commitments to restore the most egregious cuts in aid to immigrants and to restore \$1.5 billion for food stamps. ~~Governors~~ were central to this battle for fairness. You agreed with us that those provisions represented a cost-shift to states that would have undermined our efforts at true reform. And I thank you for that.

legal *State and local*

So, there is much that we should be proud of. But, there is also much more to do. Welfare reform is not a fait accompli, but a work in progress. You asked to be cut loose from federal bureaucratic strings that tied your hands and impeded the pace of reform -- and we did that. But we must never forget, with flexibility comes responsibility. When I signed that bill into law, I did not sign away my responsibility to make sure it achieved its stated purpose of moving people from welfare to work. States now have both the added power and the added responsibility for making that a reality.

So, today, *heavily* one year after the enactment of welfare reform, I want to take a hard look at how we are doing -- to highlight our successes, point out our shortcomings and to challenge everyone involved -- welfare recipients, the business community, the religious

community, civic organizations, state legislatures and governors -- to redouble our efforts so that we can meet our goal of moving a million people from welfare to work by the year 2000.

We need to take a look at how well we are doing in five areas: First, are we doing all we can to make sure the jobs are there for people who now must move from welfare to work? Second, are we investing enough in child care to give ~~women~~ ^{parents ?} a real opportunity to get and keep jobs? Third, are we making sure people who want to work have adequate transportation to get to where the jobs are? Fourth, are states using the savings from welfare reform to move more people into the workforce or are they diverting those savings to other non-welfare reform uses? And fifth, are states taking the steps necessary to make sure women and children get the child support they are entitled to?

The first thing we need to do is assess how well we are doing in creating jobs that will move people from welfare to work. As I have said all along, if we are going to require people to work we have to provide them with the opportunity to work. Nearly all state welfare-to-work programs include the traditional elements of job search, training, education, community work experience and placement in unsubsidized jobs. But now, 36 states are doing what I have encouraged every state to do -- use welfare checks to subsidize private jobs. We want to help.

Pennsylvania and Massachusetts are
We made sure that the balanced budget agreement we reached with Congress included \$3 billion in welfare-to-work funds to help create the jobs to move people from welfare to work. I also secured a commitment from congressional leaders to give private employers tax incentives to hire long-term welfare recipients. ~~There is~~ among those states that is already doing this. Let me say, I believe that every one of those new workers should earn at least the minimum wage and receive the protections of existing employment laws that other workers enjoy.

Our Welfare-to-Work partnership is bringing together CEOs of small and large companies committed to hiring people off welfare. I want to thank Governors Tommy Thompson and Tom Carper for co-chairing the Partnership's Advisory Council. I urge all of you to become members and I challenge you to create similar public/private partnerships in your own states. Many states, including North Carolina and ~~Washington~~ ^{such as} are already doing quite well in this area.

Here in Las Vegas, the state and the hotel/casino industry have been working closely to create training programs and hire welfare recipients. MGM Grand Hotel has hired over ~~1500~~ ^{a thousand} welfare recipients during the past several years. And the state has set a goal for new casinos to set aside 10 percent of all positions for former welfare recipients. ~~and~~

Child care is the most critical support for families moving from welfare to work and low income families trying desperately to make ends meet. Parents need child care so they can work without worrying and children need quality child care so they can learn and grow. We simply cannot expect women to go to work if they have nowhere to send their children during the day. We would not think of imposing that dilemma on our families -- and we should not do that to

families struggling to make the move to independence. That is why I made sure the welfare reform bill added \$4 billion more in child care assistance. Now, you must do your part.

- such as Florida and Wisconsin -

I am pleased to report that efforts to expand child care are widespread. Because of the additional \$4 billion we secured in the welfare law, all states are receiving more federal dollars which they must match. About half the states are increasing their spending beyond what is needed to match the new federal funds. Some states are adding quite a bit more. ~~Florida is adding \$23 million in new funds and shifting \$60 million from the welfare block grant to child care. Wisconsin is adding \$160 million.~~ And some states are creating seamless child care systems which provide subsidies for all workers below a certain income, whether they have been on welfare or not. That is a model that should be followed throughout the country. So, I challenge every state to make a significant investment in child care.

The First Lady and I are convinced that the availability of quality, affordable child care for all who need it, is the next great frontier we have to cross to truly enable American families to reconcile the demands of work and home. That is why on October 23rd, we will convene the first-ever White House Conference on Child Care to discuss the strengths and weaknesses of the present system so we can find ways to achieve our goal.

The third thing we ought to take a look at is how well we are doing in making sure there is adequate transportation to get those moving from welfare to work to jobs, which often are outside their neighborhoods.

which is a particular problem for welfare recipients in rural areas.

One of the biggest barriers facing people who move from welfare to work is finding transportation to get to jobs, training programs and day care centers. Today, only about 6 percent of those on welfare have cars. In many big cities, no matter how long people sit on a public bus, they can't reach half the entry level jobs. At the same time, businesses in the suburbs are desperate for workers. Our challenge is to make sure transportation is not an obstacle to getting people who want to work to jobs where they are needed. That is why I recently proposed legislation providing \$600 million to help states and local communities devise transportation strategies to move people from welfare to work. ~~In May, I announced grants to 24 states and one territory, jointly sponsored by the NGA and the Department of Transportation to help states develop transportation strategies that support their welfare-to-work efforts.~~

Some communities and states have already started to address the transportation challenges of welfare reform. Kentucky's "Empower Kentucky" initiative combines the resources of four cabinet offices in a free transportation brokerage system that will assure transportation is available in all areas of the state. Michigan's "Project Zero" provides transportation in its effort to ~~move every able-bodied person off the welfare rolls.~~ And in Wisconsin, where only 3.5 percent of welfare recipients own cars, the state's "Job Ride" initiative is vanpooling thousands of central city workers to suburban jobs. ~~We need this kind of innovation in more states, and we need~~

That is the good news. But, we all know that some things are not going so well. That is

other states are devoting a portion of their TANF funds to transportation.

additional funds

put every able-bodied welfare recipient to work

urge the congress to enact a transportation bill that includes my proposal for

why the fourth thing we must look at is how many states are not living up to their obligations by diverting welfare savings for other uses.

Together, we have lowered the welfare rolls by over 3 million people in four-and-a-half years. That is a great accomplishment. But we all know that many of the people left on the welfare rolls are those with the least skills and experience, who may require extra help in getting into the workforce. That is why I believe debates in some state Capitols about how to divert welfare savings away from welfare reform to other uses are just plain wrong. We should invest those savings to put even more people to work. Cutting back on child care or financing a big tax cut defy the spirit of the law. I challenge every state to follow ~~the lead of states like Maryland, Indiana and Oregon~~ ^{lead} -- take the money you save from lowering your caseloads and use it for child care, for transportation, ~~to subsidize training and~~ ^{and} ~~provide~~ ~~for~~ ~~the~~ ~~people~~ that people need to move from welfare to work.

not all states . Finally, we know that child support can be the difference between welfare and self-sufficiency for women and their children. We have made remarkable progress in this area -- increasing child support collections by 50% from 1992 to 1996. And we made sure the welfare law included tough new measures to help states track deadbeat parents across state lines. To date, however, less than half the states have taken all the steps to put these measures in place. For those states that are lagging behind, this is one of the critical steps in welfare reform. For the sake of the law and the children, it cannot wait. Work with your legislatures to get it done. And put in place no-nonsense child support collection systems that work for every child and every family.

It is clear: welfare reform is on the right track. But, we must not rest on this early success. We still have a ways to go before we can declare victory. I urge all of you to intensify your efforts to make sure we uphold our end of the bargain and our most cherished values of work, family, and responsibility.

I want to ask for your help in one other area -- education. As you know, the centerpiece of my comprehensive plan for improving American education -- and the most important thing we can do to give our children the world class education they deserve -- is an insistence on high standards. Not federal standards, but national standards of excellence that every child can meet.

In my State of the Union I challenged every state and every school board to adopt these high standards, and by 1999 to test every 4th grader in reading and every 8th grader in math to make sure these standards are met. Since I issued that call, governors and education leaders in seven states, representing over 20 percent of the children we educate in this country -- have agreed to participate in these tests. I want to thank California, North Carolina, Maryland, Michigan, Kentucky and West Virginia, along with the Department of Defense schools all over the world for stepping up to this challenge.

Last week, thirteen of our biggest cities agreed to adopt national standards and participate in this testing program. So, we are making progress. But some states are holding out. They say

they don't want the federal government to take this over. The Federal government has nothing to do with the tests -- we are only supplying the funding. We owe it to our children to set high standards, to measure how well they are doing and to take whatever steps are needed to ensure that all our kids can meet these standards.

Today, I urge every governor who has not stepped up to this challenge to do so. It is the most important thing we can do to prepare our children to succeed in the century ahead.

Welfare reform and education reform -- both are state responsibilities, but national priorities. And both are critical to making sure America is strong and growing into the next century. I want to thank all of you for your leadership on these two important fronts. But I want to caution you that nothing we do in these areas will matter unless we come together as One America.

Last month, in San Diego, I issued a call for all our citizens to begin a great national dialogue about the issue of race. I asked us to focus on how we can enter the next century as the most successful multiracial, multiethnic, multireligious democracy the world has ever known. And I was pleased that two former governors -- Thomas Kean of New Jersey and William Winter of Mississippi -- agreed to serve on our advisory board.

You are already seeing the great demographic shift that is literally changing the face of America. Today, Hawaii is the only state in America that has no majority race. Within four years, California will also have no majority race. And within 30 years, there will be no majority race in this country. We know what we will look like in a generation -- the question before us today, is what will we be like. Can we respect and even celebrate our differences, while uniting around a common set of values? Can we open our minds and hearts to ensure that all our citizens of every race, ethnic background and income level, have an equal chance to make the most of their lives? How we answer those questions will determine what kind of a nation we will be in the next century. We will need your help in the coming months as we grapple with the difficult issues that still divide us and set a course of unity for our future. I know I can count on your support.

Thank you and God bless you all.

▶ **Diana Fortuna**
07/28/97 10:13:35 AM
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Record Type: Record

To: Laura Emmett/WHO/EOP
cc:
Subject: fyi Talking points on NGA speech

----- Forwarded by Diana Fortuna/OPD/EOP on 07/28/97 10:15 AM -----

▶ **Diana Fortuna**
07/28/97 10:12:48 AM
.....

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc:
Subject: Talking points on NGA speech

I've been asked to do talking points on the NGA speech for 2 purposes: a general release by Communications for their White House at Work series; and a more pointed set for the Democratic Governors. Below is a quick effort: basically the indented bullets would be for the Governors, but would be dropped for a general release. I've checked the education part with Mike. Any comments?

**President Clinton's Speech before National Governors' Association
July 28, 1997**

Today, President Clinton spoke about two things that the states and the federal government must work on together to keep us on the right track -- continue to move forward on welfare reform, and make sure our children have the world's best education.

Working together, the states and the federal government have accomplished a lot to reform welfare, beginning with President Clinton's granting of waivers to 43 states, through his decision to reform welfare by signing the welfare law. Now there are 3 million fewer people on welfare than when the President took office -- 1.2 million fewer since the President signed the welfare law.

Fortunately, it appears we are also on course to fix the problems with the welfare law that President Clinton said he was going to fix. In the balanced budget agreement, the President got commitments to restore the worst cuts in aid to legal immigrants and to restore \$1.5 billion for food stamps.

While the welfare law gives states the responsibility as well as the flexibility to make

welfare reform succeed, today President Clinton said he will remain an active partner in assuring that the law achieves its purpose -- moving people from welfare to work.

We welcome President Clinton's continued leadership on welfare reform. Although states now have primary responsibility to make this work, the federal government has an important continuing role, and the President's leadership is critical.

In his speech today, President Clinton pointed out that state strategies in four key areas make a real difference in whether welfare reform will succeed: jobs, child care, transportation, and child support. The President gave examples of some of the creative strategies that states are using, as well as some areas of concern.

The four areas emphasized by the President are the linchpins of any successful welfare reform effort, and highlighting what the states are doing, as he did today, is helpful to us all.

As the President noted, it is critical that states use the savings that come from declining caseloads to reinvest in their welfare reform efforts, rather than diverting those funds to other uses.

President Clinton issued a challenge today that all must do their part if welfare reform is to succeed -- welfare recipients, businesses, the religious community, civic and non-profit organizations, state legislatures, local officials, and Governors.

On education, the President noted that Governors have been the leaders in educational reform for more than a decade, but he urged more states to join his effort to adopt national standards and by 1999 to test every 4th grader in reading and every 8th grader in math to make sure these standards are met.

The President's national standards are a way to strengthen the efforts in every one of our states by giving us national and international benchmarks for judging our own progress.

Democratic Governors plan to work with the Administration to make our participation in this critical effort possible.

NOTE FOR TERRY EDMONDS

FROM: Cynthia Rice (6-2846)

RE: NGA Speech

Here are some basic thoughts about the speech. Attached are backup documents including:
1) a more detailed outline by HHS communications shop 2) a memo from Dept. of Transportation with some backup information about state welfare to work transportation efforts; 3) the 4th of July radio address and fact sheet, which hit upon many of the important themes.

Themes

Four years since we began to reform welfare through waivers --
One year since signing into law most sweeping welfare reform in nation's history --

Much to be proud of -- declining caseloads, innovative programs putting people to work, returning values to the system. Because of EITC and minimum wage, work now pays better than welfare.

But if we want welfare reform to continue to succeed, we can't rest on our laurels. We can't squander this opportunity, in a time of declining caseloads and expanding economy, to invest in putting even more people to work.

Some states are considering doing the opposite -- taking welfare savings and using them not to put more people to work but to fund other state programs. Others states are dragging their feet on child support enforcement, not putting in place the laws and computer systems needed to crack down on deadbeat parents.

I granted waivers to 43 states and signed welfare reform into law because I didn't think governors should have to come to Washington to get permission to impose tough work requirements and time limits and provide incentives to make work pay better than welfare. But with flexibility comes responsibility. We intend to hold states accountable for their actions. Declining caseloads isn't enough. We must focus on employment, job retention, wages -- and preventing a new generation on welfare by keeping teenagers from becoming parents. That's why we've been working with NGA and APWA to define these "high performance" measures on which we'll judge state performance.

States Investing in Child Care

Illinois--increased child care spending by \$100 million, or 80%.
Florida--increased child care spending by \$2 million or 40%.

Illinois, Michigan, and Washington all creating "seamless" child care systems--serving all workers below certain income whether or not they've been on welfare.

Some states (California, Florida, Ohio) providing incentives to encourage child care providers to stay open at night and on weekends, when many parents must work.

States Investing in Transportation

Kentucky has developed a new coordinated system of free transportation for welfare recipients going to work.

Connecticut has earmarked 2.2 million in TANF dollars for new transportation services to move welfare recipients to work.

New Jersey has announced a \$3.7 million transportation initiative to move Work First New Jersey participants to work.

States with Innovative Jobs Programs

Oregon's JOBS Plus uses TANF and food stamps to subsidize paychecks: State has turned welfare offices into employment offices, provides mentors to new workers, focusses on job retention.

Nearly half states (22) are now subsidizing jobs to help welfare recipients get into the workforce.

Almost one-fifth (18) have "upfront diversion" programs which help keep people from going on welfare, by job search assistance and grants for emergency expenses.

States Considering Diverting Funds from Work

Together, we've lowered the welfare rolls by over 3 million people in the four years since I took office. That's a great accomplishment. But we all know that many of the people left on the welfare rolls are those with the least work experience, who may require more help in getting into the workforce. That's why I believe debates in some state Capitols about how to divert welfare savings away from welfare reform to other uses are just plain wrong. Instead, we should invest those savings to put even more people to work.

Falling Down on Child Support Enforcement

Together, we've made great strides in child support enforcement, increasing collections by 50% from \$8 to \$12 billion from 1992 to 1996.

We must do more. That's why we enacted with wide bipartisan support the toughest child support enforcement measures ever as part of last year's welfare law. I'm disappointed, however, that so far only 16 states have enacted all the state laws needed to put these tough new measures into place. Moreover, as many as ten states may not make the deadline imposed by the 1988 Family Support Act to put in place computerized systems to track deadbeat parents.

Idea for POTUS Speech to NGA - July 28 - "A new, New Covenant"

DRAFT

- Five years ago I called for a new covenant that would promote work and responsibility; make welfare a second chance, not a way of life; and break the cycle of welfare forever.
- For four years the Clinton Administration forged that new covenant. We worked to change the welfare system - through waivers, tough child support enforcement, increased child care, expanded EITC, etc. - and finally last year when he signed the welfare law, the new covenant became the law of the land.
- There is a great deal for all of us to be proud of as we look across the nation at the unfolding of welfare reform -- parents with the pride that comes from being able to tell their children they have a job; communities and employers who have gotten together to create jobs and hire and train welfare recipients; welfare workers who for the first time in their lives spend their workday helping people find jobs rather than verifying that they don't have them; children who spend the day in a safe, healthy, good quality child care setting, because their state chose wisely to invest in child care. Already, together we have helped 3 million people move from welfare to self-sufficiency since January 1993. This the largest decrease in the welfare rolls in history and the lowest percentage of the population on welfare since 1970.
- But of course we all know that there is a great deal left to do to truly fulfill the promise of welfare reform. To ensure that the "treaty" is upheld and successful, we need a new agreement. Because the first new covenant was mostly about what the federal government could do to end welfare. We need a new covenant, based on the principles of the first, that involves every American, that says that each one of us has a responsibility to help people move from welfare to independence -- permanently.

Principles of the new, New Covenant: (Melissa's points)

- **Flexibility to Focus on Individual Challenges:** The new welfare system allows welfare workers to do something they have never done before. Instead of just processing forms and doling out welfare checks, now they can look at everyone as an individual with individual problems and challenges and how they can be overcome to help move to work.
- **Returning Values to the Welfare System:** One thing that everyone agrees on is that the old system was broken; it did not reflect our common values of work, responsibility, and family. The welfare reform bill addressed this problem in several ways, including requiring both parents to support their children, allowing local communities to work more closely with religious and non-profit organizations, and providing \$50 million a year to teach teenagers that staying in school and avoiding sexual activity and parenthood are the right things to do.
- **We Succeeded in Fixing What Had to be Fixed:** The central goal of welfare reform, providing the resources and incentives necessary to move single mothers from welfare to work, was achieved last year. But this year's task, eliminating the extraneous provisions that simply punished legal immigrants and childless Food Stamp recipients, was only recently achieved. [Will need update on balanced budget negotiations.] Governors were central to this battle for fairness, agreeing with us that those provisions represented a cost-shift to the states that would have hindered true welfare reform.
- **Every Job Is Better Than Welfare:** All work, any job, even if only 20 hours a week, is better than welfare because of our investments in child care, minimum wage, child support and the EITC. And work gives people financial independence and removes the stigma of being on welfare.
- **Supporting Work:** We need health care and child care to make work pay. Loss of health care is no longer a reason to stay on welfare - because of continued transitional Medicaid coverage and Children's Health Initiative.

- Parental Responsibility: Some people are not good parents and some people that can't work are the same people that can't parent. We must admit this and increase our efforts to protect children (foster care and adoption when necessary) and promote parental responsibility.
- Everyone must be involved: If welfare reform is going to succeed, it's going to take a commitment from everyone, such as:

A New Role for Federal Government:

- Under welfare reform, it is now up to the states, not the federal government to decide what works best to help people move from welfare to work. But that doesn't mean that we no longer have any responsibility. We must continue to support policies that support children and families - minimum wage, Head Start/child care, health care for children, tough child support enforcement, affordable and quality education & housing, safer streets, incentives for businesses, etc. And we must now oversee what is happening across the country to make sure that welfare reform is about work, responsibility and protecting children.

A New Role for State and Local Government:

- The welfare law gave states incredible flexibility to design and implement innovative programs to move people from welfare to work. In most of your states, you had a powerful track record to build on in designing welfare reform because of the welfare reform waiver demonstration projects begun even before the welfare law was signed. And as of today, nearly all states have passed their own legislation to move ahead with the promise of welfare reform.
- Now States must fulfill their responsibility by maintaining their investment, i.e. in the short term - education, training, job search and longer term - child care, health care, transportation, work with the private sector, focus on teen parents and teen pregnancy prevention. And I'm extremely pleased that many of you are making the right choices and making those critical investments. [include some state examples either here or later - see attached]

A New Role for the Private Sector -- Businesses and Civic Organizations:

- But we know that government works from the outside in - it is only the business community, the religious community, the civic organizations, the parents, etc. that can reform welfare from the inside out. We need a commitment from everyone to make welfare reform work:

- Welfare to Work ^{Articulating} ~~Jobs Challenge~~ - business committing to hire welfare recipients
- VPOTUS coalition to help people retain jobs
- Parents taking responsibility for their children - child support, teen pregnancy prevention.
- Build on ~~Volunteerism~~ ^{Summit}

Seena

Working Together We Can Get Where We Need to Go

So today I challenge each of you to bring together the best talent in your state and in your communities to meet our shared goal of making welfare reform a success – for individual families and our American family:

Make and Maintain Critical Investments:

- **Reinvesting in Welfare:** Welfare reform was not about balancing the federal budget. That's why we fixed the provisions in the law that were only about savings and had nothing to do with moving people to work. In the same vain, states should not leverage surplus funds to address other state needs. [examples of "bad" practices – financing big tax cuts, etc – note this should be discussed further, not sure if a good idea].
- I challenge every state to take the money they save from lowering their caseloads and use it – for child care, for transportation, to subsidize training and fair wages that people need to move from welfare to work. I ask you not just to follow the letter of the law when committing your resources to welfare, but also the spirit of the law, making the investment in helping people achieve self-sufficiency

- **Examples:**

Maryland: Maryland has committed to maintaining 100% of its Maintenance of Effort (MOE). Some of the resources are going to demonstration projects in critical areas like reducing teen pregnancy, and most of the money is going back to the local communities for them to reinvest in job training and support services.

Oregon: Oregon intends to invest in case management services and employment training

Indiana: Indiana plans to invest in job placement services, rural transportation and promoting father's responsibilities in child support

- **Child Care:** And I challenge every state to make a significant investment in child care, the most critical support for families moving from welfare to work and low-income working families trying desperately to make ends meet. Parents need child care so they can work without worrying and children need quality child care so they can grow and learn. I made sure that the welfare law included an additional \$4 billion for child care and we'll continue to do our part to ensure affordable, quality care. Now you must do your part, like:

- **Child Care Examples:**

20 states have reported that they are investing additional state money, beyond what the law requires, in child care, and **12 states** report that they are transferring TANF funds to child care.

Florida: Setting a public/private fund for child care, starting with \$2 million.

Illinois and Wisconsin: Illinois is investing \$100 million and Wisconsin is investing \$160 million to reach low-income working families.

- **Child Support:** We know that child support can be the difference between welfare and self-sufficiency. I thank those of you who have worked to ensure that every one of the tough child support measures in the welfare law was enacted into state law. [16 states] For those states which have not yet adopted all of the provisions, this is one of the critical steps in welfare reform, and for the sake of the law and the children,

it can't wait. Work with your legislatures to get it done. And put in place a no-nonsense child support collections system that works for every child and family, such as: **Washington and Colorado.**

Create Work Opportunities

- As I have said all along, if we are going to require people to work we have to provide them with the opportunity to work - that means creating jobs. As you know, we have a Welfare to Work ~~Jobs~~ ^{Jobs, Partnerships} ~~Challenge~~ that is bringing together CEOs of small and large companies committed to hiring welfare recipients. I challenge you to create partnerships with the private sector in developing your welfare to work programs. I am particularly proud of innovations across the country, such as:
- Welfare to Work Examples: (Note there a lot of other good examples - depends what you need)

North Carolina: North Carolina has made great efforts, as part of the State's Work First Program, to recruit business leaders to hire people off welfare. Many county offices have contracts with the local Chambers of Commerce to hold job fairs once a month and meetings with CEOs.

North Carolina and Louisiana: North Carolina and Louisiana have linked with their EZ/EC's (Charlotte and Louisville) to coordinate and maximize their efforts and resources.

Nevada: Here in Las Vegas the State and the private business sector (hotel/casino industry) have been working closely to create training programs and hire welfare recipients. MGM Grand Hotel has hired over 1500 welfare recipients during the past several years (still checking on issues)

Washington: The Seattle Jobs Initiative is a comprehensive community strategy to move low-income people into the workforce, through a partnership with the city, State, foundations, corporations, community colleges and other non-profit organizations.

Reach Out to All Families

- If we are truly going to reform welfare, our goal has to be to reach every family. Some single mothers have work experience and simply need child care and job search assistance to move from welfare to work. But we know that many long-term welfare recipients lack skills and education, have been victims of domestic violence, are disabled, or have substance abuse problems. We need to focus on those difficult barriers and challenges, not just stop with the easiest families to place in work. That's not going to be easy, but I challenge you, in fulfilling our shared commitment to welfare reform, we must extend the promise of welfare reform to every family. I am thrilled that some of your states are already are doing so:

- Examples:

Michigan: Michigan's Project Zero is an example of a strategy that aims to reach everyone and is demonstration early success.

Utah: Utah's Single Parent Employment Program (SPED), started under a waiver (Bush Administration) includes every family in the program.

New York: New York is proposing to use some of its surplus funds for expanded substance abuse treatment)

State Examples

Examples of States Investing in Welfare:

Maryland: Maryland has committed to maintaining 100% of its Maintenance of Effort (MOE)

Oregon: Oregon intends to invest in case management services and employment training

Indiana: Indiana plans to invest in job placement services, rural transportation and promoting father's responsibilities in child support

Examples of States Investing in Child Care:

20 states have reported that they are investing additional state money, beyond what the law requires, in child care, and 12 states report that they are transferring TANF funds to child care.

Florida: Setting a public/private fund for child care, starting with \$2 million.

Illinois and Wisconsin: Illinois is investing \$100 million and Wisconsin is investing \$160 million to reach low-income working families

Examples of Model Child Support Programs:

Washington: Washington has a strong and innovative program. One of the first administrative process states (executive agency rather than court-based decision-making), Washington State has been a leader in administrative enforcement through liens, levies, and wage assignments. Washington was also the first state with new hire reporting for child support purposes; initial internal evaluations have shown it to be cost-effective and satisfactory to employers.

Colorado: Implements county-administered child support program that was an early leader in centralizing collections (under private contract). The child support collections process has gone from one involving two government agencies in each of the State's 63 counties to a single focal point. An unscientific estimate is that turnaround time to handle payments and send them to the custodial family has dropped to 1 or 2 business days from the previous 15 to 45 days.

Examples of States with Model Welfare to Work Programs:

North Carolina: North Carolina has made great efforts, as part of the State's Work First Program, to recruit business leaders to hire people off welfare. Many county offices have contracts with the local Chambers of Commerce to hold job fairs once a month and meetings with CEOs.

North Carolina and Louisiana: North Carolina and Louisiana have linked with their EZ/EC's (Charlotte and Louisville) to coordinate and maximize their efforts and resources.

Nevada: Here in Las Vegas the State and the private business sector (hotel/casino industry) have been working closely to create training programs and hire welfare recipients. MGM Grand Hotel has hired over 1500 welfare recipients during the past several years (still checking on issues)

Washington: The Seattle Jobs Initiative is a comprehensive community strategy to move low-income people into the workforce, through a partnership with the city, State, foundations, corporations, community colleges and other non-profit organizations.

NOTE: There are so many good examples - Missouri, Kansas, Georgia, etc. - depending on what you need. We can get you more and more detail.

Examples of States Reaching All Families and Investing in "Harder-to-Place" Recipients:

Michigan: Michigan's Project Zero is an example of a strategy that aims to reach everyone and is demonstration early success.

Utah: Utah's Single Parent Employment Program (SPED), started under a waiver (Bush Administration) includes every family in the program.

New York: New York is proposing to use some of its surplus funds for expanded substance abuse treatment)

To: John Monahan, Melissa Skofield
From: Seth Harris, Jennifer O'Connor
Subject: NGA speech
Date: July 11, 1997

Could you please include the paragraph below in the draft of NGA speech items you are putting together for the President. Thanks!

"Last year, we fought successfully to give American families a pay raise. It was the right thing to do. The first installment has already given 4 million Americans a raise and a chance to build better futures. By giving them that raise, we said to them, and to all Americans, that if you're willing to take responsibility and go to work, your work will be honored. This September 1, American families will get the second installment of that pay raise. After September 1, ten million Americans will earn an extra thousand dollars a year. While a thousand dollars may not sound like much to some, for many, this bill will make the difference between their ability to keep their family together and their failure to do so. By raising the minimum wage, we reaffirmed our most profoundly American values, offering opportunity to all, demanding responsibility for all, and coming together to do the right thing for those of us who have the hardest time trying to provide for their families.

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STATE ACTIONS TO SUPPORT WELFARE TRANSPORTATION TO WORK

TRANSPORTATION ACCESS TO JOBS

One of the biggest barriers facing people who move from welfare to work is finding transportation to get to jobs, training programs, and day care centers. Studies across the country have shown that over the last decade employment opportunities have become increasingly dispersed. The suburbs now have twice as many jobs as the inner cities, yet the inner cities have the greatest concentration of welfare recipients.

The Access to Jobs proposal included in the Administration's NEXTEA bill calls for a six-year, \$600 million competitive grant program to support new, flexible, innovative transportation services to get people to where the jobs are. A key element in our Access to Jobs proposal is the local collaboration of stakeholders and the coordination of services across communities.

Some communities and states have started to address the transportation challenges of welfare reform. The following states should be acknowledged for their efforts and foresight in bringing together state and local welfare and employment agencies with the private sector and transportation providers to ensure that transportation is available for welfare recipients moving to work.

- **Kentucky** should be honored for its outstanding and comprehensive approach to providing coordinated transportation. Under Gov. Paul Patton's (D) *Empower Kentucky* initiative, four cabinet offices -- Families and Children, Health Services, Workforce Development and Transportation -- came together and combined transportation resources to develop a new coordinated free transportation brokerage system for all their beneficiaries. This system, which Kentucky is now implementing, will assure that transportation is available in all areas of the state, especially those previously underserved.
- In **Connecticut**, Gov. John Rowland (R) has committed to using existing TANF dollars for transportation services. This step is forging new partnerships to provide welfare recipients with the transportation necessary to successfully transition from welfare to work. The Connecticut Department of Social Services allocated \$2.2 million of their Federal Temporary Assistance to Needy Families (TANF) Funds for public transit operators across the State to provide new transportation services to move welfare recipients to work. The Capital Region Council of Governments in Hartford led a broad-based coalition in developing a comprehensive two year welfare to work transportation pilot plan.
- In June, **New Jersey** Gov. Christine Todd Whitman (R) announced a \$3.7 million transportation initiative to move *Work First New Jersey* participants to work. The New Jersey DOT will be providing technical assistance and asking each county to develop a

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transportation coordination plan. Other elements of the initiative are:

- free one-month mass transit passes for welfare recipients;
 - a planning fund to seed solutions to transportation needs;
 - one county demonstration integrating employment transportation into the existing network serving seniors and citizens with disabilities; and,
 - one county demonstration creating a feeder network for short trip connections to public transit.
- **North Carolina** Gov. Jim Hunt (D) is a long-standing proponent of coordinating transportation with human service programs. On a statewide basis, 68% of the total cost of providing services to this state's *Work First* participants goes to buying transportation services. North Carolina is providing technical assistance to counties to bring together the transportation, social services and employment programs to address client mobility needs and is encouraging the use of excess seats on school buses for employment transportation.
 - In **Michigan**, *Project Zero* is a pilot state effort in five counties to reduce to zero the number of public assistance households without earned income. As part of the pilot, three state agencies are partnering to address the transportation barriers faced by participants.
 - **Wisconsin's** Gov. Tommy Thompson (R) has long been a leader in the welfare reform process. Statewide, only 3.5 percent of families receiving public assistance own automobiles. The State developed *Job Ride* in 1989 to respond to the emerging transportation need for welfare recipients. The landmark program sought to link transit-dependent, low-income job seekers with jobs in outlying suburban areas not served by traditional fixed-route transit. Last year, this innovative van pool program served more than 1,100 job placements in Milwaukee and Southeast Wisconsin; in its eight-year history, 72,000 trips to work have been recorded.

On May 20 the President announced grants made to 24 states and one territory by the National Governors' Association, in partnership with the U.S. Department of Transportation, to develop action plans addressing the transportation needs of welfare reform. These grants will foster additional state efforts to develop coordinated transportation strategies that support their welfare to work efforts.

24 states and one territory are participating: Alaska, Arkansas, Connecticut, Delaware, Illinois, Indiana, Iowa, Kentucky, Maryland, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, North Carolina, Ohio, South Carolina, Tennessee, Texas, the Virgin Islands, Virginia, Washington, Wisconsin, and Wyoming.

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TRANSPORTATION HIGHWAY CONSTRUCTION JOBS

Since transportation and construction jobs are among America's best-paying, we want to open opportunities in these fields to welfare recipients and other disadvantaged people. Given the shortage of skilled construction labor and the aging workforce (average age 55 and rising), this is a particularly good time to target entry level construction industry jobs.

DOT's On-the-Job Training (OJT) Program requires that Federally-funded highway projects provide apprenticeships and training positions in higher-paying transportation trades, such as carpentry, concrete finishing, and truck driving. These help women, minorities, and disadvantaged people move into America's construction industry. States determine the number of training slots on each project.

DOT's On-the-Job Training Supportive Services Program (OJTSS) complements the OJT program by providing contractors, apprentices, and trainees with such services as recruitment, counseling and job placement, transportation, child care, and skills training. In FY 96 only 12 states used the funding allowable under this program.

NEXTEA would increase incentives for states and localities to provide job training in conjunction with Federally-funded technology and construction projects. Further the proposed legislation would enable them to establish hiring preferences favoring in-state welfare recipients and residents of Empowerment Zones and Enterprise Communities on Federal-aid highway projects.

Some states have outstanding records in using the OJT and OJTSS programs to train and place women and disadvantaged people. Since 90% of welfare recipients are women, these programs hold promise for moving welfare recipients into good paying jobs.

- **Maine** is a leader in moving women into the construction trades. Since 1988 Maine's Department of Transportation has trained over 350 women for jobs in the highway and bridge construction industry. Over 150 women-- one half of whom were welfare recipients -- worked on three recent major demonstration projects. Child care specifically geared to construction work schedules is a key element to the program's success. For example, the program, which requires a nominal contribution from the employees, has contributed to a record high number of women working on the Portland Bridge project. *Women now account for 10 percent of the building trades workforce in Maine.*
- The **Rhode Island** Department of Transportation (RIDOT) has revamped its OJT/apprentice program to provide much more comprehensive training. Rather than assigning training slots to specific Federally-funded contracts, contractors are encourage to hire trainees for an entire season. RIDOT has generously increased the reimbursement amount for the Federally-funded work. RIDOT is also establishing a Commercial Drivers License initiative to provide training and employment opportunities for minority women on welfare.

THE WHITE HOUSE
Office of the Press Secretary

Embargoed For Release
Until 10:06 A.M. EDT
Saturday, July 5, 1997

RADIO ADDRESS BY THE PRESIDENT
TO THE NATION

The Oval Office

THE PRESIDENT: Good morning. We come together this weekend to celebrate Independence Day, our 221 years of freedom and the fundamental values that unite us as one America: All of us should have an equal chance to succeed, and all of us have the same obligation to work hard, to be law-abiding citizens, to give something back to our community to earn in our generation the freedom our Founders established.

These are the values that have guided our efforts to end welfare as we know it. Today, I want to talk to you about the progress we have made over the last four and a half years, the changes now underway, and what we must do -- all of us -- to make sure that welfare reform honors those values, too.

For four and a half years, my administration has been committed to putting an end to the old welfare system that trapped too many families in a cycle of despair. Working with the states, we first launched welfare reform experiments in 43 states that emphasize work and personal responsibility.

Then, last summer, I signed historic legislation that revolutionized welfare into a system that supports families and children, but demands work from those who are able to perform it. It was a dramatic step, but we knew the time was right to put an end to a system that was broken beyond repair. As of July 1st, just a few days ago, welfare reform has taken effect in all 50 states. This week, the old welfare system came to an end. Now a new system based on work is taking its place. This system demands responsibility, but not only from the people who are now required to work, but also from every American.

MORE

We knew last August that the new welfare reform law was not a guarantee, but a bold experiment. So far, it's working. I am pleased to announce that today there are 3 million fewer people on welfare than there were the day I took office -- a remarkable 1.2 million fewer since I signed welfare reform into law. This is the largest decrease in the welfare rolls in history, giving us the lowest percentage of our population on welfare since 1970.

We have begun to put an end to the culture of dependency, and to elevate our values of family, work and responsibility. But we have only begun. Now we must continue to work together to meet our goal of moving a million more people from welfare to work by the year 2000.

Since I took office, the economy has added 12.5 million new jobs -- and many economists believe we will continue to produce the jobs we need to meet our challenge. But even so, it won't be easy, because many of the people who remain on welfare have never worked before; still others live in poor communities without enough jobs. So if we expect people to work, we need to make sure there's work for them to go to. And we need to make sure that those with no previous work experience, without present connections to mainstream America, get both the preparation and the support they need to succeed.

The national government will do its part. First, the balanced budget agreement we reached with Congress in May provides \$3 billion to create jobs to move people from welfare to work. I secured a commitment from congressional leaders to give private employers tax incentives to hire long-term welfare recipients as well. And I believe that every one of those new workers should earn at least the minimum wage and receive the protections of existing employment laws that other workers enjoy.

Second, we must help welfare recipients get to the new jobs, which often are outside their neighborhoods. That's why I recently proposed legislation providing \$600 million to help states and local communities devise transportation strategies to move people from welfare to work.

Third, we must make sure that mothers who must now go to work have good child care and adequate health care for their children. That's why I made sure that the welfare reform bill added \$4 billion more in child care assistance, and why I fought for the Balanced Budget Agreement to extend health care coverage to millions more uninsured children.

States must also do their part. Many states are already working to reduce caseloads and free resources to put even more people to work. For example, Wisconsin and Florida are significantly increasing their investments in child care. In Oregon, they're providing health care and transportation support, and subsidizing jobs with money that used to pay for welfare checks.

Today, I challenge every state to take the money they save from lowering their caseloads and use it -- for child care, for transportation, to subsidize the training and wage help that people need to move from welfare to work.

As much as the national and state governments can do to move people from welfare to work, we know the vast majority of the jobs must be created by private business. The most lasting way to bring people on welfare into the mainstream of American life is with a solid job in the private sector.

So, to every businessperson who has ever criticized the old system, I say: That system is gone. It's now up to you to help make the new system work. Already, businesses of all sizes have joined in a national Welfare-To-Work Partnership, committed to hiring welfare recipients and to recruiting other employers to join them. I've committed the federal government to hire 10,000 welfare recipients over the next four years. If you have a business and can hire just one, it will be a great citizen service.

This Independence Day, all Americans should be very happy that 3 million of our fellow citizens are now off welfare rolls. If we can provide another million jobs, then we'll have about 3 million more workers and their children who can celebrate their own independence day by the turn of the century.

So as we celebrate our nation's past and the values that unite us, let us look forward to the future, and let us redouble our determination to give more and more of our fellow citizens their own personal independence day. Thanks for listening.

END

MORE

PRESIDENT CLINTON ANNOUNCES PROGRESS ON MOVING PEOPLE FROM WELFARE TO INDEPENDENCE

July 4, 1997

Today, in his weekly radio address to the nation, President Clinton announced new data showing that welfare caseloads have declined by more than 3.1 million or 22% since he took office in January 1993. The President also marked the July 1 implementation of the historic welfare reform law he signed last year, announcing that all states now have been certified to move forward with their plans to move more people from welfare to work. In celebration of Independence Day, he urged all Americans to do even more to fulfill the promise of welfare reform and help welfare recipients achieve self-sufficiency.

Moving Forward on the Promise of Welfare Reform

On July 1 the historic welfare law that the President signed last August went into effect in every state, making work and responsibility the law of the land. As the President announced today, the Department of Health and Human Services has certified welfare plans for each state. In accordance with the welfare law, all plans require work, impose time limits, and demand personal responsibility.

Even before welfare reform many states were well on their way to changing their welfare programs to jobs programs. By waiving certain provisions in federal statutes, the Clinton Administration allowed 43 states -- more than all previous Administrations combined -- to require work, time-limit assistance, make work pay, improve child support enforcement, and encourage parental responsibility. Nearly 90 percent of states have chosen to continue or build on their welfare demonstration projects approved by the Clinton Administration.

Largest Caseload Decline in History

According to the latest welfare caseload statistics announced by the President today, great progress has already been made in moving people from welfare to self-sufficiency. The welfare caseloads fell by 3.1 million recipients from 14.1 million recipients in January 1993 to just below 11 million in April 1997, a drop of 22% since President Clinton took office. Forty-seven out of fifty states have seen their caseloads decline, 30 by more than 25 percent. This is the largest welfare caseload decline in history and the lowest percentage of the population on welfare since 1970.

In May, the Council of Economic Advisors (CEA) issued a report to explain some of the reasons for the dramatic decline in the welfare caseload during the last four years. According to CEA's analysis, over 40 percent of the reduction in the welfare rolls can be attributed to the strong economic growth during the Clinton Administration, nearly one-third can be attributed to waivers granted to states to test innovative strategies to move people from welfare to work, and the rest is attributed to other factors, which may include the Administration's expansion of the Earned Income Tax Credit, strengthened child support enforcement, and increased funding for child care.

Maintaining the Commitment to Make Welfare Reform Work

The President has pledged to make welfare reform a success and help move a million people on welfare into the workforce by the year 2000. The balanced budget agreement includes the \$3.6 billion that the President requested to help cities and states create and subsidize jobs for the hardest to employ welfare recipients and to provide tax credits and other incentives for businesses that hire people off welfare.

In addition, the President has enlisted the business community's leadership in welfare reform. At the President's urging, the Welfare to Work Partnership, chaired by United Airlines CEO Gerald Greenwald, was launched in May to lead the national business effort to hire people from the welfare rolls. To help former welfare recipients stay in the workforce and succeed, the Vice President has created a coalition of civic groups committed to helping people retain jobs. The Vice President is also overseeing the federal government's hiring initiative, in which under the President's direction, Federal agencies have committed to directly hire at least 10,000 welfare recipients in the next four years.

Bruce/Cynthia/Ten -

This is interesting and should
be very useful for the NGA
speech. Etera

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Policy Briefing

July 18, 1997

Welfare-To-Work And Child Care

A Survey Of The Ten Big States

Margy Waller

Less than a year after Washington launched an historic experiment in welfare reform, state decisions about child care benefits are undermining one of the key principles of reform: that work must pay more than welfare. A PPI survey of the states with the 10 largest caseloads, completed in early July, shows that some states are diverting child care funds from the working poor to welfare recipients, jeopardizing the ability of the working poor to stay off welfare rolls. This trend, if sustained, would represent a perverse twist to welfare reform by penalizing the very families who are working hard to stay off welfare.

A sound welfare policy should not only require work, but should also "make work pay." To reward work over welfare, states must offer supports, including child care, health care, and transportation subsidies, to enable the working poor to remain in the job market. The risk for low-wage workers who lack child care for their children is obvious: without someone to watch the children, a parent can't go to work.

That is why the success of welfare reform depends on the existence of accessible, affordable, quality child care for all low wage workers: those on welfare, those moving from welfare to work, and those who were never on welfare. The best way to achieve this is to create a system that does not make distinctions between workers based on their connections to the welfare system. But just the opposite is occurring in states like Georgia and Ohio, which are focusing on services to welfare recipients at the expense of other low-wage workers.

Christine Ferguson's story is illustrative. Ferguson, a Wal-Mart cashier earning \$6.80 an hour in Union Township, Ohio, lost her child care subsidy when her county welfare department ran out of state funds for the program and eliminated eligibility for assistance to 110 families like hers, those whose earnings are higher than 125 percent of federal poverty guidelines. Like other states, Ohio has saved money as its welfare caseload has fallen. But Ohio has refused to reallocate these savings for child care to the working poor and has reduced overall state funding for child care this year, even as it has passed some of those savings on as tax cuts.

Meanwhile, Ferguson's child care costs have increased from \$65 a month (her copayment with the subsidy), to \$400 a month. "I'm really glad [President] Clinton wants to do this welfare reform," she says.

identical to Christine's.

Lacking a federal model for work-based welfare reform, states are experimenting -- and the results are decidedly mixed. A few states have moved a long way in the direction of providing child care for all low wage workers: Illinois has the best

of creating a universal system of child care for all -- model. Two states, and possibly a third, will reduce state funding for child care this year, while others have made a significant new state investment as they attempt to reach more families. Many states prioritize child care support to families currently receiving welfare or transitioning from welfare to work. Most states have created incentives to child care providers who fill gaps in delivery to infants and workers with a nontraditional schedule.

This report is a part of PPI's continuing effort to monitor those experiments -- and determine if states are truly replacing welfare with a system that supports people who work. It is critical for states to make that investment now, while caseloads are dropping, the economy is strong, and states have new resources for investment in the bridge to work.

It is all the more critical because as work requirements for welfare recipients increase under the new federal law, the demand for child care assistance to working welfare recipients will too. If states meet the work requirements, and provide child care to those working families, it should not come at the expense of reducing or eliminating funding for working poor families. It would be unfortunate if states use the flexibility provided by the new law to maintain the inequities of the old system when they have the opportunity to design a seamless employment system for all entry-level workers.

This paper examines the decisions about child care that have, or are, being made in the 10 states with the largest welfare populations. It begins with a review of the circumstances that states find themselves in under the new welfare law and the need for child care as an integral part of the employment system for all low-wage workers. Then it reviews some of the major findings of the survey. Finally, the paper makes five recommendations for developing a child care system for all low-wage workers.

The Background

New Welfare Law Requires Work Last year, historic legislation eliminated the guaranteed system of cash assistance to poor families and replaced it with block grants to states. These block grants are based on a formula that requires the federal government to send states the amount of money they received at a time when caseloads were at an all-time high. Although states are permitted to reduce state spending, a House Ways and Means Committee report found that the states now have 34 percent more federal resources per welfare family than they would have had under the old program.²

States need to use these new resources to move a steadily increasing number of welfare recipients into "work activities" to meet new federal guidelines. In 1997, 25 percent of the welfare caseload must be working; 50 percent of the caseload must be working by 2002. Caseload reduction can help states meet the goals. For example, if a state's caseload this year is 10 percent less than it was in 1995, the state can meet the work participation rate by having just 15 percent of the current caseload in work activities.

child care programs, targeted to different populations, into one flexible block grant. Each of these separate and categorical funding streams was added to the existing Child Care and Development Block Grant, now called the Child Care and Development Fund (CCDF). The block grant provides states with \$4 billion more in federal child care funds per year than has ever been spent before. However, the Congressional Budget Office (CBO) estimates that if states continue to spend the same amount on the working poor, there will be a \$1.4 billion funding shortfall for children of welfare recipients.

Because of increased federal requirements for welfare recipients, states feel pressure to target new child care funds toward working welfare recipients, in order to meet increasing work participation rates. Over time, such a decision has great potential to increase welfare rolls as working poor families lose jobs for lack of child care.

Infant Care and Child Care for Third Shift, Part-Time and Weekend Workers does not Meet Demand, and Demand is Increasing Communities are generally not meeting current demand for infant care. A report from the United States General Accounting Office (GAO) on the supply of infant care found that the percentage of current demand that is met by the known supply (excluding informal options) ranges from 16 to 67 percent. The report notes that the gap is greatest in poor communities.³ The new federal law eliminates the exemption from work requirements for parents with children under age three, and creates an option for states to exempt parents of children under age one. Since the old rule accounted for as much as 75 percent of the exempt population, the new law increases the need for infant care.

Most child care providers are available only during traditional work hours, while poor working mothers in entry level positions often need odd-hours child care because their new jobs do not have 9-to-5 work day hours. A recent GAO survey of child care providers in four communities found that the percentage of providers offering care during nontraditional hours ranged from 12 percent to 35 percent.⁴ Most sites offering odd-hours care are providers who operate child care homes (private homes with few slots), not child care centers which have a higher capacity.⁵

The Child Care Crunch

Many studies cite the importance of accessible and affordable quality child care for workplace success. A GAO report found that if welfare recipients received child care subsidies, work participation rates would increase from 29 percent to 44 percent, at a time when there were no time limits and more flexible work requirements.⁶ Researchers report that a primary barrier to work participation among welfare recipients is lack of child care access.⁷ A GAO study of participants in welfare-to-work programs in 38 states found 60 percent of respondents reported that a lack of child care is a barrier to work.⁸

Welfare recipients who leave welfare for low-wage positions need the support of child care assistance to retain the new jobs. A GAO report on the impact of welfare reform on child care needs, says that a former welfare recipient may be unable to keep a job and

earn enough to support her family without assistance, if her child care subsidy ends before she has moved up the career ladder to self-sufficiency.⁹ Two earlier reports for state welfare departments found that at least twenty percent of mothers in transition from welfare to work who lost child care assistance returned to welfare.¹⁰

The cost of care is a significant factor limiting access for low-wage workers. Family child care costs can be hard to estimate because they vary depending upon type and quality of care, geographic location, and number of children in care. A survey of the Wisconsin welfare caseload found that for over two-thirds of the caseload, the market cost for child care would be more than half of minimum wage earnings.¹¹ A U.S. Census report showed that child care costs take an average of 18 percent of household income for families below the federal poverty level, while non-poor families used only 7 percent of household income for care.¹² The same report says that the average cost is \$3,856 per year.¹³

Mothers who want, but cannot afford, center or home-based care must turn to family or friends, and sometimes older children as care givers. Fifty-five percent of poor parents use informal care arrangements, while only 21 percent of nonpoor families do so.¹⁴ These options can be less reliable and stable than center-based care. Finally, new work requirements may decrease the availability of informal care arrangements when family members who were able to provide care have work requirements themselves.¹⁵

Employers say child care problems make employees unreliable when parents are forced to stay home, or take work time, to deal with care problems. The National Conference of State Legislatures reports that 80 percent of employers surveyed found child care problems force parents to use work time.¹⁶ A report from the Colorado Business Commission on Child Care Financing concludes that lost work-time and reduction in productivity due to child care problems results in a \$3 billion annual loss nationwide.¹⁷

Making work pay requires a comprehensive employment system with many components: child care, health care, transportation, earned income tax credits, etc. This survey reviewed only the child care aspect of the employment systems states are developing.

The PPI Survey: States Have Not Taken Full Advantage of New Block Grant Flexibility

The Progressive Policy Institute (PPI) conducted this survey in May, June and July of 1997 to gather information about the decisions made in the 10 states with the largest welfare caseload (California, Florida, Georgia, Illinois, Michigan, New York, Ohio, Pennsylvania, Texas, and Washington). These states include almost two-thirds (65 percent) of the national caseload.¹⁸ In late May, PPI sent a written survey to each state. A large group of key informants from state administrations, state legislatures, and child care policy organizations participated in follow-up telephone interviews as state legislatures debated the passage of welfare reform use laws. While the survey results provide information available through the first week of July, several states had not finished work, and others anticipate changes or have left some issues to the state agency. Before passage of the new federal law, many states urged that federal funding for child care permit creation of

seamless systems so that one set of rules -- for eligibility and application -- would apply to all child care applicants. State administrators were frustrated by gaps in service and artificial distinctions created by narrowly targeted and categorical funding.¹⁹ In fact, the expressed intent of Congress in passing the law was to treat all working families the same. A welfare reform guide for Members of Congress on welfare reform notes that the purpose

seamless systems so that one set of rules -- for eligibility and application -- would apply to all child care applicants. State administrators were frustrated by gaps in service and artificial distinctions created by narrowly targeted and categorical funding.¹⁹ In fact, the expressed intent of Congress in passing the law was to treat all working families the same. A welfare reform guide for Members of Congress on welfare reform notes that the purpose of the law is to "eliminate gaps, disruptions, and paperwork caused by the old child care system that established separate child care programs for each of these groups of parents."²⁰

It seemed likely that given more flexibility, states would eliminate artificial distinctions and finally create a system basing eligibility on income. All poor families would be eligible for services, *if they are working* -- whether in an unsubsidized low wage job, a community service job or workfare position. Unfortunately, only a few states in the PPI survey have done what was expected. PPI found that states so far have largely declined to take advantage of the flexibility in the new law, and are focusing resources on working welfare recipients to the detriment of other low-wage workers.

Ohio plans to significantly decrease state funding in the face of gaps in service to working poor; Illinois plans to increase state funding by 80 percent. Two states have reduced state spending on child care assistance overall: Ohio and Pennsylvania. Governor George Pataki of New York proposes to decrease spending by 5.4 percent, but the legislature proposes an increase of 13.6 percent. In Pennsylvania, the decrease is relatively small, only 1 percent. The decrease in Ohio amounts to nearly 11 percent of state funding for child care. Every state surveyed plans to provide state matching funds for all available federal dollars, thereby increasing overall child care spending. However, at a time when there is an influx of new federal resources relative to welfare caseloads, it is difficult to understand why any state would reduce its general revenue funding for working families.

Two states plan to increase state funding by only 1 percent: Georgia and Washington. Other states have recognized the value of an increased investment in child care. California and Michigan plan to increase state spending on child care by 12 and 13 percent respectively. Texas plans a 24 percent increase next year. President Clinton recently recognized Florida for its significant new state investment in child care -- 40 percent overall. Illinois is the big leader here, increasing state funding by 80 percent over last year.

Half of the states prioritize available funding to families connected to the welfare system; three states guarantee funds for welfare families and provide services to other low-wage workers only if funding permits. Five of the 10 states surveyed intend to provide assistance to welfare recipients and those in transition to work *before* assisting other low-wage working families. This is surprising, given the number of state administrators, governors, and others who have said that such a system is inherently inequitable given the relative similarities between these families, and the incentive it creates to enter the welfare system to ensure eligibility for child care assistance.

PPI's survey asked whether states intend to guarantee assistance for child care to any groups. PPI defined a guarantee as a promise to all who met eligibility criteria that

child care assistance would be available, no matter how many families apply during the year. (We did not ask whether the guarantee is an entitlement by state law.) Two states, Ohio and Georgia, plan to guarantee child care to welfare recipients and those in transition to work, while making assistance available to other working poor, "if funding permits." Texas will guarantee assistance only to families in transition from welfare to work.

Three states say they will "guarantee" funding for transitional assistance for one year after leaving welfare for work; four other states say transitional families are eligible for assistance if funding permits within budget limits. The Georgia, Ohio and Texas child care plans "guarantee" transitional child care support for one year after welfare recipients leave welfare for work. However, if these former welfare recipients exceed newly created income ceilings, they will lose assistance before the end of the year.

Four states will provide such transitional assistance to as many families as possible within state funding limits: California, Florida, New York, and Pennsylvania. In New York, Governor Pataki and the Legislature have competing proposals; the Governor would allow local welfare administrators to set an income ceiling for eligibility (up to the state maximum), but would not require a time limit. The Legislature would limit transitional child care support to one year, with an income ceiling. Florida proposes a two-year time limit for transitioning welfare recipients. California has two transitional programs: one has a two-year time limit and no income ceiling, the other program limits assistance based on income, but not time.

Michigan, Illinois, and Washington (beginning this fall) cover recipients in transition to work as part of their income-based programs. Transitional workers are treated just like other low-wage workers -- they are eligible until they reach the income ceiling.

Only three states have moved to create a seamless system of child care support for all low-wage workers; seven of the largest states have so far chosen to keep the old system. Only three states surveyed by PPI have moved to develop a child care system with eligibility based on income: Illinois, Michigan and Washington. Households with income below 50, 60, and 52 percent of the respective state median income (SMI) are eligible for child care services. In Michigan, working welfare recipients will get priority, but the state does not anticipate a funding shortfall. There is no time limit on assistance in any of these states.

Some states create expectations of services for working poor, but may not be able to meet them. In order to compare the income levels that states use to determine eligibility for child care support, PPI converted the varying state standards to a percentage of state median income. Some states choose to use SMI as their yardstick for eligibility, others base eligibility on a percentage of federal poverty guidelines. PPI uses SMI to adjust for wide cost of living differences, allowing for a more accurate cross-state comparison of eligibility.

Federal law limits the use of the child care block grant to households with incomes below 85 percent of state median income. Nevertheless, the PPI survey found income ceilings ranging from a high of 100 percent of SMI in one California program (using some state funding) to a low of 50 percent of SMI in Illinois.

However, when it comes to child care for the working poor (as in other categories where support is not guaranteed), it is critical to distinguish between eligibility for, and access to, services. States with a high income ceiling may not provide services to many of the families below the ceiling. In the past, states often were forced to close intake for services, and many states maintained long waiting lists. One state administrator commented that children would be in college before they reached the top of a waiting list.

Michigan (60 percent of SMI), Illinois (50 percent of SMI), and Washington (52 percent of SMI) have set eligibility relatively low compared to other surveyed states -- but, the state legislatures in those states have allocated funding that they believe will cover all eligible families likely to apply. Illinois has increased state funding by a whopping 80 percent since last year. These states have moved closest to creating a seamless child care program with universal access for eligible families, determining eligibility by income rather than making artificial distinctions based on a recent connection to the welfare system.

Most states have created incentives for filling gaps in services to parents of infants and workers with nontraditional hours. Six of the 10 states surveyed offer, or are considering, an incentive for child care providers who supply odd-hours care or infant care. Usually the incentive is a higher rate of payment (recognizing the higher costs of such care). In California, providers with nontraditional hours get contractual priority. Six states will provide incentives for infant care: California, Florida, Michigan, New York, Ohio, and Washington. Three states will provide incentives for odd-hours care: California, Florida, and Ohio. Illinois is considering various incentives and three states are not currently planning to provide incentives targeted to creation of infant or odd-hours care: Georgia, Pennsylvania, and Texas. Pennsylvania will ask for local input on whether to use new funds for infant care or nontraditional care.

States are also providing incentives to alleviate other shortages, such as care for special needs and school-age children (before and after school hours). Finally, some states are encouraging collaborative approaches for child care and Head Start centers. (While there are also many issues related to provider payment rates and licensing that will affect quality and availability of care, the PPI survey did not address these issues, beyond enhanced rates paid as an incentive to create care for targeted populations.)

Three states require parents to return to work when their infant is three months old; nine states fail to take full advantage of the federal option to exempt parents of children under age one. All states surveyed have a newborn work exemption. Illinois provides up to one year for each newborn -- the federal maximum. Georgia, Ohio, Pennsylvania, and Washington all create a twelve-month lifetime exemption. Governor Pataki's proposal guarantees a three month exemption for the birth of each child, subject to twelve month lifetime limit for the parent; local welfare administrators would have discretion to extend the three month exemption.

Florida and the New York legislature provide a three-month exemption for each child, with no lifetime limit. Michigan requires parents to work when an infant is thirteen weeks old. In contrast, Texas will retain its current provision, permitting an exemption for

parents of children under age six, until September 1997, when the exemption will be only for parents of children under age five. At this writing, the debate over this issue is raging in California. While the Democratic proposal creates a one year exemption for new parents, California Governor Pete Wilson has proposed a twelve-week exemption.

States have developed confusing family copayment requirements. All states require some families to pay part of the cost of their child care; California, Georgia and Washington have complicated formulas for calculating family child care copayments. Washington uses a complex set of rules that require a family earning less than 74 percent of the federal poverty level to pay \$10.00 a week. But once the household income exceeds 74 percent of federal poverty, the weekly copayment will be the greater of \$20.00 or 47 percent of the household income over 100 percent of the federal poverty level. Georgia's formula has three separate categories for eligibility and two different copayments. From the worker's perspective, it may not be easy to figure out which of the three categories applies, or which sources of income the state will count. In California, the copayment may vary depending on the original source of funds (federal or state), a fact the worker is not likely to know.

States have set reasonable copayments for families at the poverty level. Copayment rates are important to an assessment of access to care because if the family share of the cost of child care is too high (as a percentage of household income), the family will not be able to get care even if they are eligible according to the state eligibility rules. The Child Care Bureau at the federal Department of Health and Human Services recommends a copayment of no more than 10 percent of the household income.

The state copayment formulas are complicated and difficult to evaluate for their impact on families. The best way to compare what the family will be required to contribute is to ask each state about the cost of care for the same hypothetical family; we asked about a family with one parent and two children in child care with income at 100 percent of the federal poverty guidelines, \$13,330. (PPI's survey did not ask about copayments for other income levels or household sizes and makes no finding on the appropriateness of copayment levels for these other family circumstances.) Only one state reported a copayment above the recommended level: Texas has a copayment formula that requires the family to pay 11 percent of household income. All other states surveyed have set copayments for PPI's hypothetical family of three below the recommended level.

PPI'S Five Action Steps for States

This survey highlights a problem that we hope will be addressed quickly by a determined effort of national and state leaders. It is a vital principle of PPI that welfare reform should not disadvantage the working poor. Many state legislatures are still in session or will be meeting again in the coming months; state legislators and Governors should re-examine the state child care plans and eliminate any artificial distinctions that have been made between working poor families. Success in these 10 large states would lead the way for smaller states and is critically important because the big states represent nearly two-thirds

of the national welfare caseload. Still it is important to note that some smaller states have created systems of child care basing eligibility on household income.

1) Create a seamless system of child care. As families move from welfare, to workfare, to low-wage, unsubsidized positions -- they should not have to change child care providers, worry about reapplying, or deal with a new set of rules for assistance. A seamless system lets families cross the bridge from welfare to work without disruption in child care services. Employers urge decision-makers to invest in child care because they know an employee with child care difficulties will miss work. Children should be able to count on seeing the same care-giver and friends; parents should focus on successfully making the transition.

Child care assistance systems should be fair and easy to understand. In Illinois there will be one set of rules for all low-wage workers receiving child care assistance. But, California proposes the kind of system that all states should avoid: depending upon the source of the funds, and the state department administering the program -- parents may have different eligibility criteria, income ceilings, time limits, and copayments. The state will have to treat families in identical situations differently, and it will be difficult for parents to anticipate the impact of program regulations.

2) Base eligibility for child care on income, not on current or recent receipt of welfare. All low wage workers need the certainty of affordable, accessible child care. Again, Illinois has the right idea. Creating a system of care that bases eligibility on income level ensures that working welfare parents get assistance, but not at the expense of other low-wage workers -- especially those who have long managed to avoid asking for welfare. Those families transitioning from welfare to work will get child care -- until their income reaches the ceiling set by the state. Careful monitoring to evaluate the impact of the loss of child care assistance when families hit the "cliff" of the income cap will be critical. If states find that the level is set too low or too high, they can adjust it. Michigan and Washington propose a system that bases eligibility for child care on household income, although Michigan's plan has a priority for service to welfare recipients. Decision-makers in these three states believe the allocated funding will be sufficient to assist all families below the income ceiling.

A system that determines eligibility based on current or previous receipt of welfare ignores the reality that low-wage workers are likely to return when informal child care arrangements fail. In the first years of block grants, pressure on available funds will be less, because work requirements will be at the lowest levels. In the current economy, many families who would otherwise be forced to rely on welfare are working in low wage jobs. Helping these families now may enable them to stabilize and move up the career ladder so that they do not fall back into the system when the economy falters.

3) Make copayments affordable and understandable. All families should have the responsibility of contributing to the cost of care. But, eligibility for child care that is not affordable is deceptive. It is an empty promise to say that all low-wage working families

will be *eligible*, if the copayment is set so high that families cannot afford to access the child care. The Child Care Bureau at the Department of Health and Human Services recommends a copayment of no more than 10 percent of household income. The national average payment is 7.5 percent of household income for all families.²¹

Families should be able to understand the copayment formula and easily budget for child care expenses. Entry level workers often have fluctuating schedules and paychecks, so families may have to calculate their share of the cost with some frequency.

4) *Limit gaps in service by offering incentives to providers and taking advantage of the federal option to exempt parents of children under age one.* States can enhance the capacity of the child care system to meet the needs of parents of infants, as well as third-shift, weekend and part-time workers by providing incentives to providers.

Communities are generally not meeting current demand for infant care. Demand for infant care will also increase, as the exemption for parents of young children is narrowed significantly in most states. Another way to limit demand for infant care, reduce costs and support families, is to take advantage of the work exemption for parents of children under age one. Since the national average subsidy rate for infant care is almost \$2,200 more per year than the subsidy for toddler care, offering a work exemption for parents of infants is a fiscally prudent step to take in a time of limited resources.²² More importantly, it is consistent with recent findings in the research on child development. At a Congressional hearing on July 10, 1997, Dr. Edward Zigler, Sterling Professor of Psychology at Yale University and Director of the Bush Center in Child Development and Social Policy, stated, "Parents and their new babies need time together to establish the rhythms of life, to reach a level of sensitive attunement and to become securely attached."

5) *Use block grant funds and savings from caseload reductions to build the child care system for all low-wage workers.* In a weekly radio address, President Clinton noted that all states have ended the old welfare program, and that caseloads represent the lowest percentage of our population on welfare since 1970. President Clinton urged states to invest the resources available from caseload reduction in a system that will enable welfare recipients to get and keep work -- specifically by providing child care.

The PPI survey asked states about their plans to increase overall funding for child care. All of the states indicated an intention to use the total available federal matching dollars. Some states are transferring funds from the Temporary Assistance for Needy Families (TANF) block grant to the Child Care and Development Fund. As caseloads continue to drop and while the work participation rates are relatively low, states can afford to make transfers from the TANF block grant. States can transfer up to 30 percent of the TANF block grant, and assistance provided by the transferred dollars is not subject to the federal five year lifetime limit.

Most states are increasing state funding (PPI's definition of state funds does not include transfers from federal block grants) for child care. The only exceptions are Ohio and Pennsylvania which will probably experience a decrease from the prior year's state spending. In Ohio, the state chose not to continue spending \$10 million from caseload

reduction savings that was incorporated into the state's budget for the prior year when counties began to run out of funds for the working poor. Given Ohio's "guarantee" of assistance to families with a recent connection to the welfare system, working poor families will experience a reduction in available child care slots. In New York, Governor Pataki proposes a 5.4 percent decrease, while the legislature proposes a 13.6 percent increase. Pennsylvania's reduction is less than 1 percent of state funding.

Conclusion

The PPI survey on child care shows a trend for states to overlook the flexibility available to them and retain a child care system with gaps and inequities as if the federal government were still insisting on this flawed program design. Unfortunately, this tendency will punish working poor generally by failing to invest new resources in their access to child care. Every new law has potential for unintended consequences; hurting low-wage workers would be an unfortunate outcome of the historic legislation passed last year. States have the resources to follow the lead provided by Illinois: create a seamless child care system for entry level workers and fund it adequately to ensure universal access for all eligible families. Welfare reform requires many difficult decisions, and it has only been eight months since the federal law passed. Although states have filed their first child care plan and many states have completed a legislative debate on this issue, legislators and Governors have an ongoing opportunity and responsibility to improve the state employment system. We think they will. In the meantime, Congress should carefully monitor state actions and make changes in the federal law when necessary.

Margy Waller is senior analyst for social policy for the Progressive Policy Institute.

The author would like to thank PPI president Will Marshall, executive director Chuck Alston, social policy research analyst Abbe Milstein and many other staff members for their thoughtful comments and editing. Abbe Milstein conducted the interviews.

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12. U.S. Bureau of the Census. 1995. *What Does it Cost to Mind Our Preschoolers?* Prepared by Lynne M. Casper, Bureau of the Census. Washington, D.C., Series P70-52, Table 3. "Weekly Child Care Costs Paid for Preschoolers by Families with Employed Mother, Fall 1993."
13. U.S. Bureau of the Census. 1995. *What Does it Cost to Mind Our Preschoolers?* Prepared by Lynne M. Casper, Bureau of the Census. Washington, D.C., Series P70-52, Table 3. "Weekly Child Care Costs Paid for Preschoolers by Families with Employed Mother, Fall 1993." This figure was calculated by multiplying \$74.15 (the average weekly cost for families making child care payments for any child under 5 years old) by 52 (weeks in the year) for a total of \$3,855.80 per year.
14. *Child Care: Child Care Subsidies Increase Likelihood that Low-Income Mothers Will Work*, 3, 7.
15. Cancian and Meyer, 2.

16. "More Firms Offer Child Care Benefits," *Report on Preschool Programs*. 1993. February 10, 1993. In Shelley L. Smith, Mary Fairchild, and Scott Groginsky, *Early Childhood Care and Education: An Investment that Works* (Denver and Washington, D.C.: National Conference of State Legislators, 1997) 18.
17. *Report of the Colorado Business Commission on Child Care Financing*. State of Colorado, 1995, 7.
18. While states have filed new plans under the welfare and child care laws, some states have not finalized the legislative and budget decisions. This information is current as of July 1, 1997. Most states anticipate ongoing adjustment of plans.
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20. *Members Guide to Explaining the New Welfare Law to Constituents: What You Need to Know About Welfare Reform*. 1997, 7.
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WR-NGA speech

Rouce / Cynthia / Diana —

July 14, 1997

NOTE TO ELENA KAGAN

I think this is excellent. The first two points are my favorites. Elena

As promised, here are a few ideas for the President's NGA speech on welfare. These are just my own thoughts and have not been vetted through the Department.

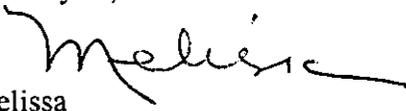
In addition, these ideas are meant to expand on, not supersede, many of the points the President usually makes when speaking on welfare. Statements on such things as the importance of paychecks vs. welfare checks and discussion of related Administration accomplishments -- creating 12 million jobs, expanding the EITC, strengthening child support enforcement, increasing child care, etc. -- should definitely still be included in the speech.

- ✓ • Flexibility to Focus on Individual Challenges/Barriers - The new welfare system allows welfare workers to do something they have never done before. Instead of just processing forms and doling out welfare checks, now they can look at everyone as an individual with individual problems and challenges. We know that many long-term welfare recipients lack skills and education, have been victims of domestic violence, are disabled, or have substance abuse problems. Other single mothers have work experience and simply need child care and job search assistance. With the shared goal of moving everyone from welfare to jobs, caseworkers now must identify and address these individual barriers to work.
- ✓ • Returning Values to the Welfare System - One thing that everyone agrees on is that the old system was broken; it did not reflect our common values of work, responsibility, and family. The welfare reform bill addressed this problem in several ways, including requiring both parents to support their children, allowing local communities to work more closely with religious and non-profit organizations, and providing \$50 million a year to teach teenagers that staying in school and avoiding sexual activity and parenthood are the right things to do.
- Every Job Is Better Than Welfare - While the old welfare system fostered dependence, welfare reform seeks to encourage work and independence. And while many welfare recipients will start in entry level jobs, we have been working since the very beginning of this Administration to "make work pay" with child care subsidies, child support enforcement to help single mothers, the Earned Income Tax Credit, and an increase in the minimum wage. According to a departmental analysis, the typical welfare recipient will be better off working than not working -- even if she works just 20 hours a week at the minimum wage. And, just like many high school graduates do, welfare recipients will find that a minimum wage job provides the initial job skills needed to move on to higher paying jobs. [Like point number one, this can be part of a message of "mainstreaming" women on welfare into the larger society, something the President has spoken of quite movingly in previous speeches.] They will be better off financially and they will be better off emotionally -- because the stigma of being on welfare will be removed and they can achieve the independence that comes only from work.

- We Succeeded in Fixing What Had to be Fixed. - The central goal of welfare reform, providing the resources and incentives necessary to move single mothers from welfare to work, was achieved last year. But this year's task, eliminating the extraneous provisions that simply punished legal immigrants and childless Food Stamp recipients, was only recently achieved. [Will need update on balanced budget negotiations.] Governors were central to this battle for fairness, agreeing with us that those provisions represented a cost-shift to the states that would have hindered true welfare reform.
- Health Care No Longer a Reason to Stay on Welfare. - Under the welfare reform law, transitional Medicaid coverage is provided to adults moving from welfare to work, and remains available to their children. Therefore, people who stayed on welfare just because they worried that they wouldn't be able to pay the doctor bills for themselves or their children, no longer have to sacrifice the freedom that comes from work simply for health benefits. And with our child health initiative, even more children and families can rest assured that their health care needs will be covered.
- Being a Parent is the Hardest Job There Is, and Not Everyone Can or Should Be a Parent. - Despite all of our efforts to promote work and support families, unfortunately we know that some people who can't work also can't parent. Strengthening the federal-state foster care system, investigating every allegation of child abuse, and increasing the number of Americans willing to adopt needy children is a critical goal. And we must increase our efforts to send a message to our young people that they should not have children until they can support them both financially and emotionally.

Please let me know if you have any questions. I am happy to discuss these and any other ideas further with you and/or speechwriters.

Thank you,


Melissa

For Internal Use Only

Work Will Pay More Under Welfare Reform

People On Welfare Who Work Will Be Better Off

Because of the changes we've proposed in the minimum wage and the EITC, the typical welfare recipient will be better off working -- even 20 hours per week -- than she was on welfare.

In Colorado, for example, a young mother with two children receives only \$8000 a year in welfare and Food Stamps, and may never be encouraged to look for work and become independent. But with our new strategy, she will increase her income by more than 50 percent -- to \$12,600 -- even if she only works part-time at the minimum wage. She'll still receive health care for herself and her children. She'll still receive Food Stamps. She'll get help collecting child support. And she'll get help with child care if she needs it.

People Who Move From Welfare To Work Will Be Better Off

Because of the EITC and minimum wage increase, single parents who are already working will also be better off. A woman working 20 hours a week will see her take-home pay increase from \$10,000 to \$12,600. And a woman working full-time will see her earnings increase from \$12,680 to \$15,700 -- an increase of 25 percent.



DEPARTMENT OF HEALTH & HUMAN SERVICES

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Date: 7/17

Total number of pages sent:

Comments:

Here are some more ideas for the NGA speech and some good state examples to highlight. ACF is still working on examples of "bad practices."

Please let me know if you have any questions. Melissa and I are happy to discuss further and work with speechwriters.

Thanks,
Loby

Elena

Bruce -
Have you seen this? The
rumor is that the President
wants to talk about education at
the NGA - at least that he
also wants to talk about
education. To
keep the
speech well focused, I think we
should send
in a memo
early this
week, outlining what we
think the speech
should say and why
it would make a
difference for him to
give such
a speech.
Should I
ask Cynthia
to do a first draft?

DRAFT

Idea for POTUS Speech to NGA - July 28 - "A new, New Covenant"

- Five years ago I called for a new covenant that would promote work and responsibility; make welfare a second chance, not a way of life; and break the cycle of welfare forever.
- For four years the Clinton Administration forged that new covenant. We worked to change the welfare system - through waivers, tough child support enforcement, increased child care, expanded EITC, etc. - and finally last year when he signed the welfare law, the new covenant became the law of the land.
- There is a great deal for all of us to be proud of as we look across the nation at the unfolding of welfare reform -- parents with the pride that comes from being able to tell their children they have a job; communities and employers who have gotten together to create jobs and hire and train welfare recipients; welfare workers who for the first time in their lives spend their workday helping people find jobs rather than verifying that they don't have them; children who spend the day in a safe, healthy, good quality child care setting, because their state chose wisely to invest in child care. Already, together we have helped 3 million people move from welfare to self-sufficiency since January 1993. This the largest decrease in the welfare rolls in history and the lowest percentage of the population on welfare since 1970.
- But of course we all know that there is a great deal left to do to truly fulfill the promise of welfare reform. To ensure that the "treaty" is upheld and successful, we need a new agreement. Because the first new covenant was mostly about what the federal government could do to end welfare. We need a new covenant, based on the principles of the first, that involves every American, that says that each one of us has a responsibility to help people move from welfare to independence -- permanently.

Principles of the new, New Covenant: (Melissa's points)

- ✓ • **Flexibility to Focus on Individual Challenges:** The new welfare system allows welfare workers to do something they have never done before. Instead of just processing forms and doling out welfare checks, now they can look at everyone as an individual with individual problems and challenges and how they can be overcome to help move to work.
- ✓ • **Returning Values to the Welfare System:** One thing that everyone agrees on is that the old system was broken; it did not reflect our common values of work, responsibility, and family. The welfare reform bill addressed this problem in several ways, including requiring both parents to support their children, allowing local communities to work more closely with religious and non-profit organizations, and providing \$50 million a year to teach teenagers that staying in school and avoiding sexual activity and parenthood are the right things to do.
- **We Succeeded in Fixing What Had to be Fixed:** The central goal of welfare reform, providing the resources and incentives necessary to move single mothers from welfare to work, was achieved last year. But this year's task, eliminating the extraneous provisions that simply punished legal immigrants and childless Food Stamp recipients, was only recently achieved. [Will need update on balanced budget negotiations.] Governors were central to this battle for fairness, agreeing with us that those provisions represented a cost-shift to the states that would have hindered true welfare reform.
- **Every Job Is Better Than Welfare:** All work, any job, even if only 20 hours a week, is better than welfare because of our investments in child care, minimum wage, child support and the EITC. And work gives people financial independence and removes the stigma of being on welfare.
- **Supporting Work:** We need health care and child care to make work pay. Loss of health care is no longer a reason to stay on welfare - because of continued transitional Medicaid coverage and Children's Health Initiative.

- **Parental Responsibility:** Some people are not good parents and some people that can't work are the same people that can't parent. We must admit this and increase our efforts to protect children (foster care and adoption when necessary) and promote parental responsibility.
- **Everyone must be involved:** If welfare reform is going to succeed, it's going to take a commitment from everyone, such as:

A New Role for Federal Government:

- Under welfare reform, it is now up to the states, not the federal government to decide what works best to help people move from welfare to work. But that doesn't mean that we no longer have any responsibility. We must continue to support policies that support children and families – minimum wage, Head Start/child care, health care for children, tough child support enforcement, affordable and quality education & housing, safer streets, incentives for businesses, etc. And we must now oversee what is happening across the country to make sure that welfare reform is about work, responsibility and protecting children.

A New Role for State and Local Government:

- The welfare law gave states incredible flexibility to design and implement innovative programs to move people from welfare to work. In most of your states, you had a powerful track record to build on in designing welfare reform because of the welfare reform waiver demonstration projects begun even before the welfare law was signed. And as of today, nearly all states have passed their own legislation to move ahead with the promise of welfare reform.
- Now States must fulfill their responsibility by maintaining their investment, i.e. in the short term – education, training, job search and longer term – child care, health care, transportation, work with the private sector, focus on teen parents and teen pregnancy prevention. And I'm extremely pleased that many of you are making the right choices and making those critical investments. [include some state examples either here or later – see attached]

A New Role for the Private Sector -- Businesses and Civic Organizations:

- But we know that government works from the outside in – it is only the business community, the religious community, the civic organizations, the parents, etc. that can reform welfare from the inside out. We need a commitment from everyone to make welfare reform work:
 - Welfare to Work Jobs Challenge – business committing to hire welfare recipients
 - VPOTUS coalition to help people retain jobs
 - Parents taking responsibility for their children – child support, teen pregnancy prevention.
 - Build on Volunteerism Summit

Working Together We Can Get Where We Need to Go

So today I challenge each of you to bring together the best talent in your state and in your communities to meet our shared goal of making welfare reform a success – for individual families and our American family:

Make and Maintain Critical Investments:

- **Reinvesting in Welfare:** Welfare reform was not about balancing the federal budget. That's why we fixed the provisions in the law that were only about savings and had nothing to do with moving people to work. In the same vain, states should not leverage surplus funds to address other state needs. [examples of "bad" practices – financing big tax cuts, etc – note this should be discussed further, not sure if a good idea].
- I challenge every state to take the money they save from lowering their caseloads and use it – for child care, for transportation, to subsidize training and fair wages that people need to move from welfare to work. I ask you not just to follow the letter of the law when committing your resources to welfare, but also the spirit of the law, making the investment in helping people achieve self-sufficiency

- **Examples:**

Maryland: Maryland has committed to maintaining 100% of its Maintenance of Effort (MOE). Some of the resources are going to demonstration projects in critical areas like reducing teen pregnancy, and most of the money is going back to the local communities for them to reinvest in job training and support services.

Oregon: Oregon intends to invest in case management services and employment training

Indiana: Indiana plans to invest in job placement services, rural transportation and promoting father's responsibilities in child support

- **Child Care:** And I challenge every state to make a significant investment in child care, the most critical support for families moving from welfare to work and low-income working families trying desperately to make ends meet. Parents need child care so they can work without worrying and children need quality child care so they can grow and learn. I made sure that the welfare law included an additional \$4 billion for child care and we'll continue to do our part to ensure affordable, quality care. Now you must do your part, like:

- **Child Care Examples:**

20 states have reported that they are investing additional state money, beyond what the law requires, in child care, and **12 states** report that they are transferring TANF funds to child care.

Florida: Setting a public/private fund for child care, starting with \$2 million.

Illinois and Wisconsin: Illinois is investing \$100 million and Wisconsin is investing \$160 million to reach low-income working families.

- **Child Support:** We know that child support can be the difference between welfare and self-sufficiency. I thank those of you who have worked to ensure that every one of the tough child support measures in the welfare law was enacted into state law. [16 states] For those states which have not yet adopted all of the provisions, this is one of the critical steps in welfare reform, and for the sake of the law and the children,

it can't wait. Work with your legislatures to get it done. And put in place a no-nonsense child support collections system that works for every child and family, such as: **Washington and Colorado.**

Create Work Opportunities

- As I have said all along, if we are going to require people to work we have to provide them with the opportunity to work – that means creating jobs. As you know, we have a Welfare to Work Jobs Challenge that is bringing together CEOs of small and large companies committed to hiring welfare recipients. I challenge you to create partnerships with the private sector in developing your welfare to work programs. I am particularly proud of innovations across the country, such as:

- **Welfare to Work Examples:** (Note there a lot of other good examples – depends what you need)

North Carolina: North Carolina has made great efforts, as part of the State's Work First Program, to recruit business leaders to hire people off welfare. Many county offices have contracts with the local Chambers of Commerce to hold job fairs once a month and meetings with CEOs.

North Carolina and Louisiana: North Carolina and Louisiana have linked with their EZ/EC's (Charlotte and Louisville) to coordinate and maximize their efforts and resources.

Nevada: Here in Las Vegas the State and the private business sector (hotel/casino industry) have been working closely to create training programs and hire welfare recipients. MGM Grand Hotel has hired over 1500 welfare recipients during the past several years (still checking on issues)

Washington: The Seattle Jobs Initiative is a comprehensive community strategy to move low-income people into the workforce, through a partnership with the city, State, foundations, corporations, community colleges and other non-profit organizations.

Reach Out to All Families

- If we are truly going to reform welfare, our goal has to be to reach every family. Some single mothers have work experience and simply need child care and job search assistance to move from welfare to work. But we know that many long-term welfare recipients lack skills and education, have been victims of domestic violence, are disabled, or have substance abuse problems. We need to focus on those difficult barriers and challenges, not just stop with the easiest families to place in work. That's not going to be easy, but I challenge you, in fulfilling our shared commitment to welfare reform, we must extend the promise of welfare reform to every family. I am thrilled that some of your states are already are doing so:

- **Examples:**

Michigan: Michigan's Project Zero is an example of a strategy that aims to reach everyone and is demonstration early success.

Utah: Utah's Single Parent Employment Program (SPED), started under a waiver (Bush Administration) includes every family in the program.

New York: New York is proposing to use some of its surplus funds for expanded substance abuse treatment)

State Examples

Examples of States Investing in Welfare:

Maryland: Maryland has committed to maintaining 100% of its Maintenance of Effort (MOE)

Oregon: Oregon intends to invest in case management services and employment training

Indiana: Indiana plans to invest in job placement services, rural transportation and promoting father's responsibilities in child support

Examples of States Investing in Child Care:

20 states have reported that they are investing additional state money, beyond what the law requires, in child care, and 12 states report that they are transferring TANF funds to child care.

Florida: Setting a public/private fund for child care, starting with \$2 million.

Illinois and Wisconsin: Illinois is investing \$100 million and Wisconsin is investing \$160 million to reach low-income working families

Examples of Model Child Support Programs:

Washington: Washington has a strong and innovative program. One of the first administrative process states (executive agency rather than court-based decision-making), Washington State has been a leader in administrative enforcement through liens, levies, and wage assignments. Washington was also the first state with new hire reporting for child support purposes; initial internal evaluations have shown it to be cost-effective and satisfactory to employers.

Colorado: Implements county-administered child support program that was an early leader in centralizing collections (under private contract). The child support collections process has gone from one involving two government agencies in each of the State's 63 counties to a single focal point. An unscientific estimate is that turnaround time to handle payments and send them to the custodial family has dropped to 1 or 2 business days from the previous 15 to 45 days.

Examples of States with Model Welfare to Work Programs:

North Carolina: North Carolina has made great efforts, as part of the State's Work First Program, to recruit business leaders to hire people off welfare. Many county offices have contracts with the local Chambers of Commerce to hold job fairs once a month and meetings with CEOs.

North Carolina and Louisiana: North Carolina and Louisiana have linked with their EZ/EC's (Charlotte and Louisville) to coordinate and maximize their efforts and resources.

Nevada: Here in Las Vegas the State and the private business sector (hotel/casino industry) have been working closely to create training programs and hire welfare recipients. MGM Grand Hotel has hired over 1500 welfare recipients during the past several years (still checking on issues)

Washington: The Seattle Jobs Initiative is a comprehensive community strategy to move low-income people into the workforce, through a partnership with the city, State, foundations, corporations, community colleges and other non-profit organizations.

NOTE: There are so many good examples – Missouri, Kansas, Georgia, etc. – depending on what you need. We can get you more and more detail.

Examples of States Reaching All Families and Investing in “Harder-to-Place” Recipients:

Michigan: Michigan’s Project Zero is an example of a strategy that aims to reach everyone and is demonstration early success.

Utah: Utah’s Single Parent Employment Program (SPED), started under a waiver (Bush Administration) includes every family in the program.

New York: New York is proposing to use some of its surplus funds for expanded substance abuse treatment)

WR - NGA speech

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Some of Wright's blunt style can be interpreted as a coping mechanism for someone who came to Sacramento at a time when there were few women legislators and a pervasive old boys club atmosphere.

"Watching her, I understood why she sometimes comes on so strong and in your face," said Jane McAndrew Rozanski, a Camarillo health care administrator. "That's the mind-set up there."

As the lone woman Republican in the state Senate, Wright knocks on the door before entering the all-male sanctum of the caucus room, a place she is as entitled to be as anyone else.

After knocking, Maddy said, Wright warns them aloud that if they are talking about her or any locker-room stuff, it's time to stop.

Despite her open assertion that women get less support in the political arena, don't expect Wright to buy into feminism or allow herself to be described as a women's rights advocate.

"Not really," she said, cringing at the thought.

Wright says she believes a woman can do and be anything she wants. "But don't be shocked if you lose. . . ." she said. "Just pick up your body and go on to the next battle."

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Dan Thia -
Helpful for NGA
speech?
Elena

Roll Reversal; Welfare Finds a Few New Friends

BYLINE: By RACHEL L. SWARNS

FOR years, advocates fighting the unpopular fight to help people on public assistance have accepted that getting states to spend extra dollars on welfare is about as easy as wrestling hogs in a mud pit. Most expected the battle only to get tougher after President Clinton signed the welfare bill last summer that reversed six decades of social policy by eliminating the Federal guarantee of cash aid for the nation's poorest children.

But one year later, the outlook is sunnier than anyone might have imagined. Witnessing the shift in attitudes seems like watching the Earth spin in reverse. Who would have imagined that politicians, and the taxpayers who elected them, might support spending on what was considered the nation's most reviled social program?

While advocates for the poor still have long, unfulfilled wish lists, states are spending millions more than expected on innovative day-care and transportation programs, large and small, to help welfare recipients march successfully into the new world of work.

Minnesota will spend about \$25 million to wipe out an 18-month waiting list for day care. Wisconsin will finance \$4 million in emergency loans for welfare recipients and working parents who need to buy used cars or repair old ones to get to work.

And Rhode Island will spend more than \$12 million to raise its payments to day-care providers by about 14 percent over the next three years while sparing parents any increases, in an effort to improve the quality of child care.

"I feel like the Red Sox just won the World Series," said Alexandra Moser, executive director of Catholic Charities' Office of Child Care in Rhode Island. "I'm still in a state of shock."

Spending is being approved, not nearly as often as advocates would like, but more than expected. Unlikely allies are even popping up in unexpected quarters.

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In New York, for example, Republican legislators helped force Gov. George E. Pataki to abandon his plan to slash welfare benefits by 45 percent over five years, arguing that the cuts would drive families deeper into poverty. In Alabama, fiscally conservative Democrats argued more this year about how much more they should spend, than about how much they should cut.

"Legislators were asking themselves, 'Is there enough child care? Do we need to invest more money in early education?'" said Jack Tweedie, who follows welfare for the National Conference of State Legislatures. "The idea that states wouldn't care about welfare recipients was misplaced."

But it isn't benevolence that has spurred the spending. Very few states are actually using more of their own dollars. Instead, they are responding to an infusion of Federal cash. Under the new law, states will receive about \$2 billion more this year, 16 percent more than they otherwise would have. The windfall, enough for an extra \$650 for every welfare family in the country, is the result of a new Federal formula that pays states based on the welfare population of earlier years, even as rolls decline.

Officials have also been pushed to act by the threat of hefty Federal fines -- cuts in funding that range from 5 percent to 21 percent levied on states that fail to get welfare recipients working.

Under the law, 50 percent of the heads of welfare families must find jobs by the year 2002. And that won't happen if mothers can't find day care for their toddlers or easily accessible bus routes to their offices.

So Pennsylvania is considering offering free subway passes. And Delaware has expanded its criminal background checks to cover babysitters so that the new working women can kiss their babies goodbye with confidence as they leave each morning.

"These changes emerge from the recognition of the kind of barriers poor people face every day," said Mark Alan Hughes, a leading expert on transportation problems of the poor. "When you're driving a 1977 Buick LaSabre and it breaks down, being able to get a quick loan to have the brakes replaced is a serious policy intervention."

Not all the news is good. The end of welfare as it was known meant the death of a single Federal standard and the birth of 50 different plans in 50 states. No one has comprehensively assessed the evolving patchwork. But several state policies have been criticized for not doing enough.

New York, for example, plans to spend \$54 million to create 23,000 new day care slots statewide, while advocates say New York City alone needs 35,000. In addition, Governor Pataki has been criticized for choosing to use nearly half of the state's \$730 million windfall for purposes other than welfare. Pennsylvania, which has expanded day-care subsidies, gets a negative rating from advocates for raising the dollar amount that parents must contribute for that care.

And the need for funding is likely to increase, not decrease, as states struggle to move the most difficult cases from the rolls: the long-term recipients, the substance abusers, the illiterate. That money will be hard to come by if the economy sours and caseloads rise again as people turn to the dole for help.

"The hard work, the heavy lifting, has not started here," said Peter B. Edelman, who resigned as assistant secretary of the Department of Health and Human Services last year in protest over the welfare law.

"You're talking about four million people who have to be off the rolls four years from now," said Mr. Edelman, cautioning against premature celebration. "We're a long way away from being able to say we're doing everything that needs to be done."

But the good news is that while voters rejected spending on the old welfare system, they seem to support spending for one that puts people to work. In polls conducted in three states this spring, more than half of those surveyed said they were willing to spend more money to carry out welfare reform, said Celinda Lake, a Democratic pollster based in Washington.

"People want welfare recipients to work, but they don't want to see them starving on street corners," said Amy Tucci, a spokeswoman for the American Public Welfare Association, which represents state and local social-service commissioners. "And they're beginning to realize that it's much more difficult to put people to work than it is to write a check."

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