

WELFARE -
Meeting Notes

WELFARE REFORM STEERING COMMITTEE

Agenda: 5/17/93

I. Public Event/Hearing

II. Focus Group/Site Visit Update

JUNE 7, 8, 10, 11
Project Independence - Md., 8:30-12:30

III. Working Paper Topics

PERSONAL RESPONSIBILITY

- Dynamics - characteristics
- Nature of LT/impediments
- CSE
- After 2 yrs, what?

IV. Presidential One Pagers

V. Disabilities Group: First Meeting Wednesday

VI. Other

STACKED HEARINGS

WELFARE SUMMIT

ED BOARDS

WEEKLY PRESS BRIEFINGS

ASK C. RASCO re PRESIDENT'S ANNOUNCEMENT

→ DIVERSITY

→ LIST OF CHARGES

→ LIST OF STATES/PROGRAMS TO VISIT

→ OUTLINE OF MEETING SCHEDULE

→ MTG. W/BC

STATUS REPORT (5/17/93)
Welfare Reform Issue Groups

GROUP	Temp Leader	Deadlines/ Schedules
I. Making Work Pay	Prosser	<ul style="list-style-type: none"> o Housing Paper: 5/28 o Draft Background Paper: 6/4 o Meeting #3: Week of 6/7
II. Child Care and Other Supports	Ragan	<ul style="list-style-type: none"> o Paper Deadlines: 5/28 o Meeting #2: 6/3 9:30
III. Child Support Enforcement and Insurance	Legler	<ul style="list-style-type: none"> o Meeting #2: 5/27 9:30 - 11:00
IV. Absent Parents	Fucello	<ul style="list-style-type: none"> o One Pager Due: circulated o Meeting #2: 5/27 3:00-4:30
V. Transitional Assistance	Burek	<ul style="list-style-type: none"> o Meeting #2: 5/17 11:00-12:30
VI. Education/ Training	Higgins	<ul style="list-style-type: none"> o Paper Deadline: 5/14 o Meeting #2: 5/24 11:00-12:30
VII. Post-Transitional Plan Work		<ul style="list-style-type: none"> o Review: 5/24 3:30-5:00 o One pager: 5/25 o Deadline: 6/8 o Meeting #2: 6/11 1:00 (tent)
VIII. Disability		<ul style="list-style-type: none"> o Group in formation o Initial meeting: 5/19 4:00
IX. Modelling		<ul style="list-style-type: none"> o
X. AFDC Simplification	Dawson	<ul style="list-style-type: none"> o Deadline: 5/24 o Meeting #2: 5/28 2:00 - 3:30

WELFARE MEETING
Monday, May 17, 1993
5:00 P.M.
OEOB, Room 324

Attendees

White House

Bruce Reed
Kathi Way
Gene Sperling

OVP

Elaine Kamarck

OMB

Isabel Sawhill

CEA

Joe Stiglitz

HHS

David Ellwood
Mary Jo Bane
Wendell Primus
Paul Legler
Ann McCormick
Walter Broadnax
Howard Rolston
Jeremy Ben-Ami
Fernando Torres-Gil

Moya Benoit-Thompson
Diane Dawson
Ken Apfil
Naomi Goldstein

Treasury

Maynard Comiez
Robert Carver (IRS)

Justice

Julie Samuels
Deborah Sorkin

Agriculture

Ellen Haas
Thomas O'Connor
Michael Fishman

Labor

Tom Glynn
Stacey Grendeman
Sally Sachar

HUD

Bruce Katz
Joseph Shuldiner
Michael Stegman

Education

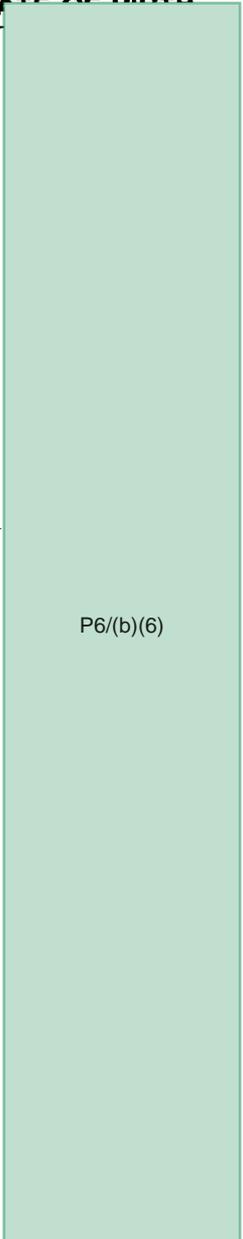
Michele Cazataio

REQUEST FOR APPOINTMENTS

To: Officer-in-charge
Workers and Visitors Entrance System
Room 065, OEOB

Please admit the following appointments on Monday, May 17, 19 93

for Bruce Reed of DPC

<u>NAME</u>	<u>DATE OF BIRTH</u>	<u>SOCIAL SECURITY NUMBER</u>
APPEL, Kenneth	 P6/(b)(6)	
BANE, Mary Jo		
BENOIT-THOMPSON, Moya		
BROADNAX, Walter		
CARVER, Robert		
CAZATAIO, Michele		
COMIEZ, Maynard		
DAWSON, Diane		
ELLWOOD, David		
FOLEY, Maurice		
HAAS, Ellen		
GOLDSTEIN, Naomi		
GLYNN, Thomas		
HOLTZBLATT, Janet		
KATZ, Bruce		
KUNIN, Madeleine		
LEGLER, Paul		
MCCORMICK, Ann		
MCCOWAN, Rodney		
PRIMUS, Wendell		
ROSS, Doug		
ROLSTON, Howard		
ROSENTHAL, Steve		
SAMUELS, Julie		
SHULDINER, Joseph		
SORKIN, Deborah		
STEGMAN, Michael		
TORRES-GIL, Fernando		
GRENDEMAN, Stacey		

MEETING LOCATION

Building Old Executive Requested by Cathy Mays
Room No. 324 Room No. 216 Telephone 6515
Time of Meeting 1700 Date of request May 17, 1993

Additions and/or changes made by telephone should be limited to five (5) names or less.

AN END TO WELFARE AS WE KNOW IT

In your campaign, you set forth two ideas with the potential to transform the lives of millions of Americans: that people who work shouldn't be poor, and that no one who can work should stay on welfare forever.

These ideas represent a sweeping political, economic, and moral imperative for your Administration: to reward work and family, demand personal responsibility, and build broad and lasting support for programs that empower people and break the cycle of dependence.

We know the problem: over most of the past three decades, Washington has burdened the poor with social policies that penalize work and reward failure, economic policies that favor the rich and punish the poor, and a welfare system that saps initiative and undermines personal responsibility. The Los Angeles riots last year proved that the greatest risk of all is doing nothing.

In other chapters, we address empowering the poor by improving the communities in which they live: community development banks, tenant management of public housing, community policing to put 100,000 cops on the beat fighting crime. This chapter is about what the Clinton Administration can do to make work pay, inspire personal responsibility, and end welfare as we know it.

Political Background

During the campaign, you put forward an empowerment agenda that is pro-family and pro-work, including pledges to expand the Earned Income Tax Credit (EITC), make affordable health care available to all, crack down on child support enforcement, and reform the welfare system to educate and train people, and require them to move from welfare to work within two years.

Many of these proposals will be well received in the Congress, where there is much support for an expanded EITC and tougher child support enforcement. The centerpiece of your welfare reform plan – the two-year time limit – will be more controversial.

Four years ago, even though both the Reagan Administration and the congressional Democrats supported welfare reform and organized opposition was scarce (the Senate vote was 97-1), the issue tied up Congress for over a year. This time the task will be more difficult. Public employee unions and most advocacy groups oppose work requirements, and some on the Hill share that view. These opponents will not attack the new Administration directly if they can help it, but behind the scenes they will work to expand the exemptions, weaken the sanctions, and undermine the work

requirement.

Due to these impediments, the support of the states will be critical – even more important than it was in 1988. Gov. Romer has offered his help, and Carol Rasco has asked the NGA to set up a working group to help us develop a bill they can support. Sen. Moynihan and Rep. Matsui (the new head of the Ways & Means subcommittee) have told us they support this strategy of enlisting state support.

Significantly, the Republican members of the Ways and Means Committee are drafting a welfare reform bill that implements major parts of the Clinton proposal. These Republicans are actually prepared to spend some real money on the program (\$3 billion a year in the out years), so it should be possible to develop a bill with bipartisan and nationwide support.

Strategy

We believe the key to building public support for fundamental reform is time-limited welfare. The key to getting the political support necessary to pass time-limited welfare is to expand the EITC and strengthen child support. And the key to making ~~time-limited~~ time-limited welfare work is to support and encourage flexibility, creativity, and innovation at the state level.

We believe that you have an opportunity to enact the most sweeping changes in poverty policy since the 1930s: a series of reforms that over the next 5-10 years will replace welfare with work. We envision a plan that takes effect in stages: first, by making work pay, eliminating work disincentives, and strengthening child support enforcement; second, by giving people on welfare up to two years of education, training, and job search assistance; and finally, by requiring all those who can to work, either in the private sector or community service.

In the meantime, we would be building the pillars across the country to support this system: a national service program with community service placement councils at the local level; a health care system that makes affordable care available to all who work; fully-funded early childhood intervention, nutrition, and health programs that make sure all children, regardless of income, can come to school ready to learn; housing programs that give families a stake in how and where they live; and a child support system that enforces personal responsibility through the tax code, not the courts.

That, at least, is the vision. Here are the hard realities of how to get there.

EXPANDING THE EARNED INCOME TAX CREDIT TO MAKE WORK PAY

The guarantee that no one who works full time should have to raise their children in poverty involves two variables — the minimum wage and the earned income tax credit. On the one hand, the higher the minimum wage, the smaller the EITC needs to be in order to bring full-time workers and their families up to the poverty level. But the EITC is a much more effective tool to fight poverty than the minimum wage. While a larger EITC may cost more in direct outlays, its cost to the economy — and to poor people — is much less.

With indexing of the minimum wage at 1992 levels, it will take a \$4 billion increase in the EITC to lift all working families of average size out of poverty. If the minimum wage is not indexed, it will cost another \$500 million. This is a small price to pay compared to the effects of an indexed minimum wage.

A National Crackdown on Deadbeat Parents

The Family Support Act of 1988 required states to 1) ask unwed mothers for both parents' Social Security numbers; 2) begin mandatory withholding; and 3) establish uniform state guidelines for child support payments. The law is working, so far as it goes (collections are rising 10% a year), but the system is still a mess: Wages are withheld in only one of five cases where they should be. One absent parent in four is a deadbeat. It takes one to three years of red tape to track down a deadbeat, and even then he may not pay.

The Bush administration has been slow to carry out the 1988 law. The federal enforcement bureaucracy is a nightmare — one state complained to Congress about cases it had referred to the IRS for collection in the late 1970s that still had not been enforced.

We propose the following ~~steps~~ steps to follow through on your campaign pledge to "do almost anything to get tough on child support enforcement" and restore the notion that governments don't raise children, people do.

IRS Collection of Unpaid Support

The current enforcement system performs poorly, and federalizing it would create a unified system in place of the current fragmented one which involves every branch and level of government. But turning the existing child support system over to the IRS would be a massive, costly, and unpopular undertaking. Even the staunchest advocates of full federalization believe it is years away. They recommend that we fix the problems with the current system before considering full federal control.

As an interim step, we recommend keeping most enforcement activities at the state level, but asking child support agencies to report unpaid child support obligations to the IRS at the end of the year, to be collected through the tax system. We should probably limit IRS intervention to interstate cases, where the states are least successful.

Tom Downey and most child support advocates would support expanding the IRS role, but some think that going halfway would further fragment an already unworkable bureaucracy. (David Ellwood, for instance, prefers experiments in child support assurance, as described below.) The argument for moving toward IRS collection is that it has enormous long-term potential, and any additional enforcement would be better than nothing.

Other Child Support Reforms

In October, Congress passed one of your campaign proposals into law, making it a felony to cross state lines to avoid paying child support. But much more needs to be done. We recommend the following changes, which should attract bipartisan support:

- Requiring states to report deadbeat parents to major credit agencies.
- A national registry which would allow states to find non-custodial parents who have moved to other jurisdictions.
- National guidelines so that child support awards do not differ markedly from state to state.
- A streamlined paternity process involving paternity determination in hospitals, use of a simple affidavit, and use of the administrative process for contested cases.
- Tougher enforcement of medical support, including elimination of the existing statute that allows self-insured companies to avoid providing health coverage for the non-custodial children of their employees.
- A requirement that all states have central registries of all child support orders and a central mechanism for collecting and disbursing payments; also, employers should be required to report all new hires to the child support agency; and
- Eliminating the current confusing incentives system, with money used for this purpose folded into the regular child support match so that the federal government picks up 85 percent of administrative costs; at the same time, requiring states to spend their federal child support enforcement funds on child support enforcement, instead of using

them to subsidize other programs.

Child Support Assurance Demonstration Projects

Many experts, including Ellwood, believe that time-limited welfare will work only if it is linked to some form of child support assurance, which would guarantee that single-parent families receive a certain amount of money per child, in return for identifying the missing parent and helping track him down.

The advantages of child support assurance are clear: It would help the thousands of children who go hungry when their fathers don't pay, and it would give welfare mothers a greater incentive to cooperate in seeking child support orders.

But the drawbacks are also clear: A national system of child support assurance would be expensive (\$2-5 billion a year), and we don't know whether it will work. Many argue that fathers will be even less likely to meet their child support obligations if they know that government will provide for their children whether they pay or not, and that child support assurance could encourage parents to have children or families to break up in order to receive money. In any case, government shouldn't promise to make child support payments until it proves it can collect them.

We recommend a series of demonstrations to see whether child support assurance works before committing to a national program. At the same time, we can measure how much our other initiatives do to improve child support enforcement.

ENDING WELFARE AS WE KNOW IT

The heart of your promise to those on welfare is a radical transformation of AFDC from a program that provides income maintenance to one that provides transitional support and work. This proposal has three components: (1) everyone who needs help can get up to two years of transitional assistance (job search, education, training, child care) aimed at getting them off welfare; (2) cash benefits will be limited to two years; (3) after two years, all those who can work will have to work.

Below, we outline three possible ways to fulfill the vision laid out in the campaign. You should judge them on at least four criteria:

1. **Feasibility** – Can the states make the program work in the time frame demanded, under the constraints imposed and within the available funding? This is no small challenge; as many as 1.5 million AFDC recipients could be required to work under this program, and even CETA at its peak never topped 800,000 participants. CWEP, the work component of JOBS, currently has only 13,000 participants nationwide.

2. **Results** – Does the reality match the rhetoric? Have we ended welfare as we know it? The reforms have to have wide impact to satisfy public expectations of a real change and to prevent criticism of the program as ineffective. Many will judge success by the toughest standard: the number of people who have moved from welfare to work.

3. **Cost** – Can we afford it? Can the states afford it? And what will we really get for our money?

4. **Flexibility** — It is up to the states to prove that time-limited welfare can work. Surprisingly little research has been done on the overall effects of work requirements on AFDC recipients. Any national program must encourage all manner of experimentation at the state level.

OPTIONS FOR TIME-LIMITED WELFARE

Option 1: Universal Workfare

The most literal implementation of your promise would be to seek an immediate two-year limit on all AFDC benefits and to move as rapidly as possible to implement a nationwide work program for those who pass the limit. States would be required to provide two years of education and training to all who need it, and comply with a relatively rapid timetable for phasing in a work program that would apply to all AFDC recipients after two years, subject most likely to current JOBS exemptions.

Advantages: The best argument for this approach is that it would be a shock to the system, and send a clear, immediate signal that you're serious about ending welfare. Some reformers, including Mickey Kaus, believe that a two-year limit is itself too lenient, and that phasing it in over a long period of time will dilute any impact. This option would affect the largest number of people most quickly, and would give you the best chance to point to large numbers of people moving from welfare to work. The cost per person would also be lower, because most states would turn to workfare rather than public jobs programs.

Disadvantages: This approach would require a massive, rapid phase-in of a program with which the states have little successful experience. The faster the implementation and the larger the number of participants, the higher the cost and the greater the odds that the program will be plagued by poor implementation, the appearance of make-work, and so on.

This approach would also have a chilling effect on state experimentation with creative welfare reform. The more the program demands of states, the less they will be able to take on other challenges. Finally, because of the large scale programs, it would be very expensive — at least \$4 billion a year by 1995 on jobs programs alone — and the

federal government would have to pick up most of the cost.

Perhaps the most compelling argument against universal workfare is that it moves us no closer to your real goal, which is to move people from welfare to real work, not just make them work for their welfare.

Option 2: Demonstration Projects

David Ellwood initially proposed a modest transition to time-limited welfare, starting with ambitious experiments in a handful of states and gradually adding more states over time as we learn what works. He fears that moving too quickly to a two-year time limit nationwide will discourage innovation, overwhelm the capacity of the system, and ultimately lead to workfare, which he opposes. He has outlined a more cautious strategy:

1. Choose a dozen states that are eager to reform their welfare systems, and require them to design policies that will reduce the fraction of recipients who receive welfare for more than 2 years by 25% without cutting benefits. Give the states considerable latitude to experiment and redirect existing funds, so long as their plan clearly encourages work and independence.
2. Require participating states to design a system that can track recipients' participation in employment and training. A comprehensive evaluation plan will have to accompany the state proposal.
3. Require participating states to adopt some form of time-limited cash assistance for those who can work. Some states could adopt CWEP, while others could try time-limited welfare followed by a public/private jobs program.
4. Require all 50 states to dramatically improve their child support enforcement system. Some would be encouraged to adopt child support assurance; all would have to move rapidly to adopt a series of major reforms.
5. Entice states to participate by offering a high federal match — 90% or more. Eventually, all states would be required to participate. In the meantime, we could enact other changes that will help reduce the welfare rolls and make work pay: an expanded EITC, tougher child support enforcement, and national health care.

Advantages: This approach has some appeal. It will encourage state experimentation, produce useful results, and perhaps build both a political and academic consensus for further action. It avoids the risk of creating a CETA-style workfare program that could turn welfare reform into a national embarrassment — and it could be achieved for a lot less money (\$500 million to \$1 billion) and very little political capital. Ellwood believes that the best time-limited welfare system is one where no one reaches the limit,

and it would be a mistake to focus all our attention on making people work instead of moving them off welfare.

Disadvantages: There are obvious drawbacks to any effort to slow-dance the problem. First, asking a few states to conduct experiments in welfare reform without enacting a two-year time limit will not end welfare as we know it. Many observers will consider this issue the key test of whether you are willing to take on the status quo, and pilot projects will be viewed as at best a broken promise and at worst a concession to narrow interests. More important, without a two-year time limit and a work requirement, the Clinton Administration will put off progress in the majority of states and won't move many people from welfare to work.

Option 3: Phased-In Time Limits

This is the "modified demonstration" option. Some aspects of the program would be universal: all AFDC recipients would be guaranteed up to two years of education and training, and all new AFDC cases would have to go to work after two years. But sweeping welfare reform experiments would be funded in a handful of states most interested in reform while phasing in national implementation of time limits for all recipients over the next decade.

Here are the key elements:

1. All AFDC recipients would be guaranteed education and training services during the first two years of welfare receipt.
2. As of the effective date of the legislation, all individuals coming onto the AFDC rolls would be subject to a two-year time limit, after which they would have to work (in other words, the time limit would apply to all new cases).
3. A handful of states would be funded to run five-year demonstration projects to test and evaluate ways of implementing the work requirement and creative welfare alternatives that are broader in nature. As in Ellwood's plan, states would be allowed to redirect existing funds for AFDC, food stamps, and other aid so long as the plan encourages independence without reducing the incomes of most recipients. Rigorous evaluations would be required, and the results of these would be made available to all other states for use in designing their programs.
4. Five years after the legislation becomes effective, all other states will submit plans to the Secretary of HHS for phasing in the work requirement for those long-term recipients already on the rolls on the bill's effective date. This phase-in must, in all cases, be completed by year 10.

Advantages: This option gives states more time to gear up for the work require-

ment. Rather than forcing states to find work for 1.5 million people in a short time frame, applying the requirement only to new applicants would affect a much smaller group, according to unofficial CBO estimates:

Year 3	179,214
Year 4	422,979
Year 5	609,543

This option establishes the principles of time limits and work requirements. It fulfills your campaign commitment, since in time all AFDC recipients will be subject to the work requirement.

Disadvantages: This approach will cost more than Ellwood's option — \$4 billion a year by 1997. As with Option 1, states will still be hard pressed to find meaningful work for large numbers of AFDC recipients.

Summary

We favor Option 3 as the best way to encourage experimentation while requiring broad participation. We believe this proposal can attract a wide range of support from academics like Ellwood, policymakers like Senator Moynihan, and reform-minded governors across the country. The details of such a compromise option may be tough to figure out, but we would like to explore these options and others in more depth with the NGA and state welfare directors.

OTHER ISSUES

Whichever option is chosen as the overall framework for welfare reform, a number of thorny design issues will confront us in drafting a bill and affect how labor, the states, and liberal advocacy groups ultimately view the program. Some of these issues are mentioned below.

Should education and training during the first two years be mandatory?

Some will argue that the goal of welfare reform should be to increase human capital investment. They advocate making JOBS participation mandatory during the first two years. This would be expensive and increase the burden on states. Furthermore, as many as 30 percent of new AFDC recipients leave the rolls within the first six months, so a mandatory program would spend resources on individuals who are in the process of leaving welfare anyway. We recommend leaving it up to the states to decide whether participation should be mandatory for particular groups, although we should consider mandatory participation for teen mothers. We also urge job search

programs, on the grounds that job placement is better than training.

What form should the work program take?

There are numerous models for work programs, and no definitive research as to which is best. We recommend maximum state flexibility in designing the work program. Options would include:

Community Work Experience (CWEP), or workfare, which involves working in a community job for a number of hours determined by dividing the welfare grant by the minimum wage. CWEP is relatively cheap and easy to target, but is unpopular with public employees and advocacy groups.

Public Service Employment (PSE), in which those who work are paid an hourly wage, and those who do not work get nothing. Some allowance would undoubtedly have to be built in to continue providing for the children, but AFDC itself would end. PSE feels more like a real job, and is more popular with labor. It's also more expensive, as labor will likely push for at least 125% of the minimum wage.

Subsidized private sector employment would clearly be the preferred model. For years, AFDC law has permitted diversion of welfare grants to employers who hire recipients. While states have never taken to this approach (employers complain about the administrative burden), groups like America Works have been very successful in moving people off welfare into private sector jobs.

We recommend letting states decide for themselves which kind of work program to use for those who remain on the rolls after two years — Community Work Experience (CWEP); Public Service Employment; subsidized private sector employment; or a combination. That will assure a range of evidence for researchers to study.

Where will we find 1.5 million new jobs?

As with the national service program, community service jobs for AFDC graduates should not displace existing public employees. A Ford Foundation study in 1986 identified some 3.5 million potential labor-intensive jobs that could meet unmet public needs. But it still won't be easy to find jobs for welfare recipients. We will work with AFSCME and service organizations to identify the types of work that should qualify, and develop guidelines for dealing with the difficult issues of displacement that will come up consistently throughout the country.

To reduce bureaucracy, the same local councils described in the national service chapter could be asked to find community service work for welfare recipients. One day, it may be possible for those who are earning their national service vouchers and those who have moved off welfare into public sector jobs to work side by side.

How much work will be required?

Currently, in low-benefit states, the CWEP work obligation is so short as to make the program of little value (in some states it's under 10 hours a week). As a result, about half the states have eliminated the program altogether. We recommend adding the value of food stamps to the AFDC grant in computing hours of work, or setting a floor on the number of hours recipients have to work. While this will be highly controversial, it will also result in a more meaningful work obligation in all states (for mothers with children under six, the work obligation would still be 20 hours/week, as under current law).

What is the sanction for not working?

The sanction for not working after two years needs to be more meaningful than under the present CWEP structure. In Ohio, for instance, the average recipient assigned to CWEP is supposed to work 80 hours per month. If she doesn't, she loses \$60. Since a third of this is made up by an increase in food stamp benefits, the net loss is around \$40. In effect, for every hour she misses, she loses 50 cents. We recommend that the states be required to design more meaningful sanctions, perhaps in the range of 30-50 percent of AFDC benefits. This should probably be designed as an automatic reduction in benefits rather than a sanction to make the program less unwieldy to administer.

Who should be exempt from work requirements?

The Family Support Act currently exempts mothers with children under 3, pregnant women in the last two trimesters of pregnancy, and several other smaller categories from JOBS participation. We recommend exempting these same groups from the new work requirement with two exceptions: mothers who have an additional child while on welfare would only be exempt until the child is one, and teen parents should be exempted as long as they remain in school and are under 18 (it makes little sense to force a 17-year-old welfare mother to drop out of high school because she has been on AFDC for two years so that she can go to work). Finally, the two year grace period ought to be a one-time matter — recipients would not get another two years every time they return to the AFDC rolls.

How should federal funding be structured?

Welfare reform of the magnitude being discussed will cost around \$4 billion when fully phased in — plus another \$4 billion to expand the EITC. We can hardly expect states to provide much of that welfare money when they have only been able to spend two-thirds of the funds available to them in the existing JOBS program. One option, of course, is to provide 100% federal money, but this reduces the states' incentive to manage the money carefully (or so it is said). A workable funding structure

should be the subject of a working group with representatives of the states (NGA & APWA) prior to submission of legislation.

Should states be allowed to impose their own time limits on community service?

Some Republicans may propose taking your idea one step further, by calling for a time limit on public works programs as well. They will argue that our community service proposal will prove to be a disincentive to working in the private sector, and that instead of moving people off the welfare rolls, we will simply be paying them to stay there. We can rebut this argument by making sure that mandatory job searches are a component of any works program.

Other Empowerment Initiatives

We should raise the AFDC asset limit from \$1,000 to \$10,000 for assets retained for improving the education, training, or employability of family members, or for the purchase of a home or change of residence. In particular, the value of an automobile that AFDC recipients are permitted to own needs to be raised from its present \$1000.

You may also want to consider some kind of experiment in Individual Development Accounts to help the poor save — either Tony Hall's demonstration bill (\$100 million in federal matching funds for "the poor man's IRA"), or a more conservative pilot project that allows welfare recipients who lose benefits when they go to work to keep some portion of those benefits in an escrow account that could be used for an education or first home.

Finally, we can begin to reduce the marriage penalty, by allowing mothers to keep a portion of their welfare benefits when they get married (but only for the two-year time limit).

A Note on Budget Estimates

We assume that these policies will result in roughly an 8 percent reduction in AFDC payments by the fourth year. This is in the range of reductions that have been experienced in other welfare reform demonstrations, particularly those administered by MDRC. Some will argue that there is no evidence that work requirements, as such, reduce welfare caseloads. On the other hand, the Clinton program includes a range of policies that goes well beyond simply mandating work. Indeed, this is a more ambitious set of policy changes than has been attempted previously.

Advisers Consulted

David Ellwood, Harvard

Paul Legler, Harvard

Paula Roberts, Center for Law & Social Policy

Mark Greenberg, Center for Law & Social Policy

Nancy Ebb, Children's Defense Fund

David Kass, American Public Welfare Association

Harry Wiggins, IVD State Directors

Geraldine Jensen, Association for Children for Enforcement of Support

Bob Greenstein, Center for Budget & Policy Priorities

Isaac Shapiro, Center for Budget & Policy Priorities

Susan Steinmetz, Center for Budget & Policy Priorities

Will Marshall, Progressive Policy Institute

Belle Sawhill, Urban Institute

Judith Gueron, Manpower Demonstration Research Corporation

Sid Johnson, American Public Welfare Association

Nanine Micklejohn, AFSCME

Mary Logan, AFL-CIO

Doug Besharov, American Enterprise Institute

Jan Peskin, Congressional Budget Office

Ray Shepatach, NGA

BUDGETARY EFFECTS
(In Billions)

<u>WELFARE REFORM</u>							
<u>PROGRAM</u>	<u>FY93*</u>	<u>FY94</u>	<u>FY95</u>	<u>FY96</u>	<u>FY97</u>	<u>FY98</u>	<u>94-98</u>
Expanded EITC	.700	1.000	2.000	4.000	4.200	4.400	15.6
Expanded JOBS	0	.600	1.500	2.600	3.800	4.000	12.5
Child Support	0	.200	.300	.400	.500	.600	2.0
Caseload Reduction	0	0	-.400	-.800	-2.000	-2.200	-5.400
WELFARE SUBTOTAL	.700	1.800	3.400	6.200	6.500	6.8	24.700

MEMORANDUM FOR MEMBERS OF THE WORKING GROUP ON WELFARE REFORM,
FAMILY SUPPORT AND INDEPENDENCE

FROM: BRUCE REED
DAVID T. ELLWOOD
MARY JO BANE
WORKING GROUP CO-CHAIRS

SUBJECT: May 17, 1993, Meeting of the Working Group

The Working Group on Welfare Reform, Family Support and Independence will meet on Monday, May 17, 1993, at 5:00 p.m. in Room 324 of the Old Executive Office Building. The agenda for the meeting is attached.

We look forward to your continuing interest and participation as we carry out the President's welfare reform agenda.

Attachment

Working Group on Welfare Reform, Family Support and Independence

May 17, 1993

- o **Working Group Membership and Participation**
- o **Making Work Pay - Presentation and Discussion**
- o **Topics for Future Discussions**
- o **Schedule**
- o **Next Steps**

- o Working Group Membership and Participation
 - WC members must be full-time Federal employees
 - staff participation on issue groups
- o Making Work Pay - Presentation and Discussion
- o Topics for Future Discussions
 - feedback on focus/substance of presentation
- o Schedule
 - announcement
 - timing for WG product
 - communications strategy kick-off
- o Next Steps

Table I

Welfare Without Work (President's Budget) Family of Three

Poverty Guideline for Family of Three = \$11,890

	Alabama	Pennsylvania	California
AFDC	\$1,968	\$4,836	\$7,488
Food Stamps	3,395	2,534	1,739
Total	5,363	7,370	9,227

- Benefits vary widely across States.
- AFDC and Food Stamp benefits total well below poverty in all States.

Table II

Full-time Minimum Wage Work - No Welfare

Poverty Guideline for Family of Three = \$11,890

	Current Law	President's Budget
Working with No Child Care Expenses		
Earnings	\$8,500	\$8,500
Taxes	(650)	(650)
EITC	1,998	3,282
Work expenses	(1,080)	(1,080)
Total	8,768	10,052
Working with Child Care Expenses		
Child care	(2,089)	(2,089)
Total	6,679	7,963

	Alabama	Pennsylvania	California
Not Working			
AFDC and Food Stamps	\$5,363	\$7,370	\$9,227

- Under current law, someone going to work who wants to avoid means-tested benefits, is often far worse off than under welfare, especially if they have child care costs.
- The President's budget significantly improves the situation, but if a family has child care and does not collect government benefits, they are still worse off than on welfare in high benefit States.

Table III a

Full-time Work With Welfare (President's Budget)

Poverty Guideline for Family of Three = \$11,890

	Alabama	Pennsylvania	California
Working with No Child Care Expenses			
Earnings	\$8,500	\$8,500	\$8,500
Taxes	(845)	(650)	(650)
Work Expenses	(1,080)	(1,080)	(1,080)
EITC	3,282	3,282	3,282
AFDC	0	0	1,016
Food Stamps	1,945	1,945	1,640
Total	11,802	11,997	12,709
Working with Child Care Expenses			
Child Care	(2,089)	(2,089)	(2,089)
Total	\$10,340	\$10,535	\$12,709
Not Working			
AFDC and Food Stamps	\$5,363	\$7,370	\$9,227

- Under new budget, if someone collects all possible government benefits, she is at least somewhat better off working full-time. But often the effective wage rate is only about \$1.50 per hour.
- To get ahead financially, full-time workers must collect benefits from up to 4 different support systems. In reality, only 45% of working poor families even collect Food Stamps.
- In high benefit States, even a full-time worker could still qualify for AFDC.
- Most of the gain to working is traceable to the EITC which currently almost always arrives at the end of the year.

Table III b

Half-time Work With Welfare (President's Budget)

Poverty Guideline for Family of Three = \$11,890

	Alabama	Pennsylvania	California
Working with No Child Care Expenses			
Earnings	\$4,250	\$4,250	\$4,250
Taxes	(367)	(325)	(325)
Work Expenses	(540)	(540)	(540)
EITC	1,686	1,686	1,686
AFDC	0	1,666	5,266
Food Stamps	2,965	2,465	1,385
Total	7,994	9,202	11,722
Working with Child Care Expenses			
Child Care	(1,044)	(1,044)	(1,044)
Total	\$7,262	\$9,202	\$11,722
Not Working			
AFDC and Food Stamps	\$5,363	\$7,370	\$9,227

- Even half-time work pays somewhat, but only if the person collects EITC, AFDC, and Food Stamps, and has low child care costs.
- Half-time work leaves people well below poverty in States paying median AFDC benefits (such as Pennsylvania)
- The effective rate of pay is less than \$2 per hour.
- Nearly the entire gain comes from EITC which is paid at the end of the year.

Table IV

Work Experience of Mothers 16 Years and Over With Children Under 18 by Marital Status: 1991

	Married Spouse Present	Unmarried No Spouse Present
Employed		
Full-Time/Full-Year	35.3%	37.3%
Full-Time/Part-Year	13.1%	15.8%
Part-Time	24.8%	15.7%
Not Employed	26.8%	31.2%
Total	100.0%	100.0%

Note: Full-Year is 50-52 weeks

SOURCE: Bureau of Labor Statistics,
"Marital and Family Characteristics of the Labor Force from the March 1992 Current Population Survey," Table 28

- Only 35% of married mothers work full-time, full-year.
- Part time work is far less common among single parents, probably because part-time work rarely pays better than welfare.

Table V

Strategies to Make Work Pay Without AFDC but Including Food Stamps

Poverty Guideline for Family of Three = \$11,890

	Half-Time	Full-Time
Earnings at minimum wage	\$4,250	\$8,500
Earnings less expenses	3,710	7,420
President's budget including EITC and Food Stamps (PB)	7,304	10,535
PB + Minimum wage = \$4.75 (MW)	7,845	11,219
PB + Child care subsidized (CC)	8,036	11,997
PB + \$3,000 in child support	9,584	12,815
PB + CC + CS	10,316	14,277
PB + CC + CS + MW	10,856	14,961

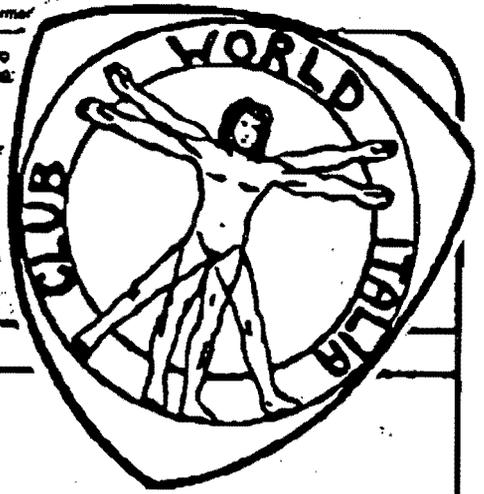
- All three additional policies individually can help make work pay.
- Individually, only child support is significant in making part-time work feasible.
- A combination of all three really makes work pay.

TELE - FAX

Maggio
15
1993

Indirizzo
di destino:

Mr. President Bill Clinton
Democratic and Repbl'n Congress
Mass News - and American Opinion Makers



Invito al Ragionamento Politico-Umanistico
in Generale - e sulla "Crisi in Jugoslavia"

Dunque anzitutto un invito **Intellettuale** - a far Ragionare - che se Prerogative di Saggia Riflessione (nel dire e fare) sono le più apprezzabili doti di persone comuni. Essere non meno indispensabili requisiti per Uomini Politici - e comunque di qualsiasi Individuo - che si trovi in mandato di "Responsabilità Pubblica". Sia trattandosi di rappresentanze Laico-Civili - che di Autorità Religiose.

Ma ancora, potersi ben poco **confutare** che - doti prerogative di Saggia Riflessione e di lento, meditato "Decidere"; siano le più eccellenti e garanti qualità (Umane e Politiche) specie per un Presidente degli Stati Uniti. Ormai che rimasti in **Nomina** - la sola Grande Potenza (dopo la Cina di Domani). Tanto - che effusivamente autocandidati alla Guida di "Nuovo Ordine Mondiale".

Ragionamento nel Ragionamento

Del resto essendo ormai di **drammatica** evidenza Storica - (passata e recente) - che sconsiderata e impositiva impulsività di **dominante** decisionismo Presidenziale; porta solo a disastrose conseguenze Mondiali. Ancorchè in crescenti preoccupanti complicazioni e implicazioni (di risonanza Planetaria).

E per rimediare alle quali - non potrebbe certo bastare un labile pentimento autocritico. Nè, men che meno la miope azzardata spericolatezza "Potristica Dominante" - di aggiungere nuovi errori - ad ancora ribollenti errori!

Mentre ancora forte **Speranza** che si realizzi il "Sogno Americano" di primeggiare Democrazia e Progresso Evolutivo nel Mondo - viene proprio da questo eccezionale Presidente Bill Clinton.

La cui promettente alta **Sentenza** di Presidente Americano (Politico ma anche umanista, nel solco di Abramo Lincoln) viene fortunatamente a garanzia di già traballanti equilibri Civili Mondiali.

Non già Egli in solita ruota di **arroganza** "Decisionista" - ma in più coraggiosa noncuranza persino nel lasciarsi criticare - da coloro soltanto capaci di intendere "Gesta Clamorose" - per soddisfare la voracità sensazionale e consumistica della Pubblica Informazione. Nulla importandosi che vengano facilmente innescarsi più estensivi **Conflitti** di inferni di Guerra - che infine non risparmierebbero nemmeno l'America - se non venissero evitati. Pace e Progresso saranno sempre un Bene da Costruire! Appunto con l'acume Statista di un così eccezionale Presidente Bill Clinton - che mostra di recepire preventivamente - quali rischi di eventuale attacco bellico alla Serbia, Bosnia, Croazia etc. ... Nonchè di saper discernere - tra Buoni e Cattivi Consiglieri! Così l'America - come l'Europa - avrebbero ben altro da fare (in proprie Nazioni) - per dare esempio di vero Progresso Economico - e di Vera Civiltà dello Spirito e della Ragione! Altro che mostrare estrema debolezza Politica - (nel dare scandalo di arrogante supremazia) con l'unico Strapotere di interventi Bellici.

"Un certo Gesù - avrebbe potuto annientare con un "Fiat" i malvagi dei tempi - ma soffrì su di se fino al supplizio della Croce i peccati del Mondo; per non fare abuso e scandalo di "Potere"! E per dare esempio di più potente "Ragione di Essere" - in eredità Civile e Spirituale - a noi del Futuro".

Vittoria Savito

"CLUB ITALIA"

Very Important to Translate Exactly