

WR - NEC
Group

THE WHITE HOUSE

WASHINGTON

June 23, 1993

MEMORANDUM FOR WENDELL PRIMUS

FROM:

PAUL DIMOND *Paul Dimond*

SUBJECT:

Economy and Jobs Issue Group

I have attached a copy of our work plan that has been revised to incorporate our discussion.

Please let me know if you have additional thoughts or suggestions. We look forward to working with you, David and MaryJoe.

cc: David Ellwood
Bruce Reed

Economy and private sector jobs

Group leader: Paul Dimond
Liaison: Bruce Reed

Our contribution to the overall effort will be an options paper focused on private sector employment. In particular, we will assess policies such as wage subsidies/bounties and job development. In order to inform our thinking on the subject we are working on several background papers about the economy and labor markets for those leaving welfare.

In addition, we will work closely with the estimating and modeling group to suggest inputs from the perspective of the national economy, the impact of national policy initiatives, and the role of labor markets.

Status: Analytical briefs due July 9
(Input to team leaders due July 2)
Three 3 hour meetings to be held in between July 9 and July 28

- Review papers on "What we know & what we assume"
- Brainstorm on "What we can do"
- Critique and prioritized options

Options paper to be completed by August 15

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June 23, 1993

MEMORANDUM FOR Economy and Jobs Issue Group

FROM: Paul Dimond
Bonnie Deane
Heather Ross

SUBJECT: Draft Goals and Work Plan for the Group

This is a DRAFT proposal which has not been approved. It is a starting point for discussion in our meeting.

GOALS

I. Define the problem in economic terms -- Why doesn't the private sector employ this group? Why don't people accept jobs instead of public assistance? How can we assess, in economic terms, options for closing this gap?

While this is certainly related to work in other issue groups (Make work pay, post-transitional jobs, etc.), we will focus on private sector labor market issues. We will work closely with other groups to ensure that we complement their work.

II. Develop measures of success -- that is, how effective and how cost effective are different policy approaches to getting welfare recipients into unsubsidized jobs.

We will be working closely with the modelling and simulations group to provide parameters which scale success rates to alternative assumptions about the welfare population and the labor market.

WORK PLAN

I. Jobs Pool (Labor Demand)

A. **General Economy** -- macroeconomic growth and configuration of overall pool consistent with Administration economic assumptions. **CEA lead: Debbie Lucas**

● Status: Report submitted by Debbie/Bonnie. Revisions requested.

B. **Job creation strategies** -- research historical effectiveness of wage subsidies and bounties as a means of expanding and targeting the demand for labor. This will be a

paper that other groups will use. **TRS lead: Robert Gillingham**

● Status: Background report submitted by Robert pending further analysis. Summary chart submitted by Richard. Further analysis expected also from DOL, CEA, NEC, and OMB.

C. Current & New Administration Initiatives -- analyze effects of Clinton policy (e.g. EITC, health care, child support, headstart, apprenticeship and training initiatives) on the welfare relevant labor demand, resulting overall size and configuration of the jobs pool, and the unsubsidized job opportunities for welfare-eligible people.

NEC lead: Heather Ross

● Status: Work in process

II. Welfare Caseload (Labor Supply)

A. General demographics -- aggregate view of welfare population's employability to calibrate our thinking with rough numbers and types of job seekers. **CEA/NEC**

● Status: RB@OMB has submitted an analysis of caseload growth factors and policy implications. CEA/NEC paper by July 1. Ellwood has also provided new work.

B. Distribution of government assistance -- who is getting how much of what. AFDC, housing, medicaid, foodstamps, etc. **CEA Lead: Debbie Lucas**

● Status: Is this work taking place in the Program Simplification Group?

C. Job Development -- effectiveness of methods for helping welfare recipients get and keep unsubsidized jobs, such as job development and job clubs. We have liaisons to other groups such as transition, education and training and post-transition jobs: Richard, Bonnie, Roxie, and Debbie. **DOL lead: Roxie Nicholson**

● Status: Gathering information.

D. Welfare-related labor supply -- Working poor: non-welfare, single parents in poverty, male unemployment. Consider potential for welfare entry effects, extra support \$, and competition for jobs. **CEA: Darryl Wills**

E. Other? Employer perspective of the labor supply: skill deficits v. non-employability? Disincentives to hire? Make sure it's covered elsewhere.

III. Labor Market Interactions: Supply and Demand

A. Analysis of why the labor market fails to employ welfare cases.

TRS lead: Robert Gillingham

● Status: Report submitted. Further analysis?

B. Success rates in placing welfare recipients in unsubsidized jobs, for different types of recipients, different policies to help them get jobs and different states of the labor market. Heather will act as the liaison to the cost estimating and modeling group. She will coordinate with other economic analysts on the team and provide input for the modelling team. **NEC lead: Heather Ross.** Contributors: CEA, TRS, OMB, DOL
● Status: Work in process.

IV. Final Products

- A. Our major contribution to the overall effort will be an **options paper** focused on private sector employment. Making recommendations regarding policies such as wage subsidies/bounties and job development will be essential. In addition, we may want to specify various "scenarios" in which different baskets of private sector employment options might be appropriate for states to choose among.
- B. Our **input to the modelling effort** also will be an important contribution.
- C. We will build the analytical papers that we have produced into a **background reference book**.

V. Process for producing Options Paper

<u>Deadline</u>	<u>Task</u>
July 2	Submit any resources to team leaders
July 9	Complete analytical papers (Team leaders should call any meetings necessary from June 28 to July 9) Build reference book
July 28	Between July 9 and July 28 we will hold three 1/2 day (3 hr) working meetings. 1) Review and discuss analytical papers 2) Brainstorming for options 3) Critique/Prioritization of options
August 16	Complete Economy and Jobs options paper

Please feel free to start drafting creative options for addressing private sector employment. We would like everyone in the group to present at least a one page outline of an option that you would recommend. We want creative ideas: any and all ideas are welcome.