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HOUSE OF REPRESENTATIVES  
WASHINGTON, D.C. 20515

CONGRESSMAN SCOTTY BAESLER

FAX COVER SHEET

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DATE: 1/5/95  
TO: Bruce Reed  
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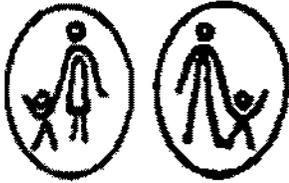
MESSAGE:

These are the two interrelated programs that we discussed to  
move people toward self-sufficiency.  
They truly meet the goals we have in mind for welfare reform.

- I. Virginia Place
- II. The Family Care Center

Number of pages, including this Fax Cover Sheet: 9

If you do not receive the complete fax, please call: (202) 225-4706



# VIRGINIA PLACE



## One-Parent Family Facility

Virginia Place, the One-Parent Family Facility, is a program designed to help single parents and their children become self sufficient through a comprehensive series of educational and support services.

Virginia Place currently accommodates fifteen families who receive the combined benefits of affordable housing, a child care center, and a small health care clinic -- all on site. Our program will be expanded at the end of the year and we are currently interviewing single parent families in need of our services.

Our new facility, to be located in a large complex off Red Mile Road, will include 55 two-bedroom apartments; a developmental child care center for children 6 weeks to 3 years; a health clinic; and two full time family services coordinators on site. Participants must be full-time students in a post-secondary educational institution and have a child between the ages of 6 weeks and 4 years.

Virginia Place is now accepting applications for our new facility to be completed by December 1994. For more information, call 258-3198.

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&  
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15 member board of directors  
appointed by the Mayor

**UNITED WAY  
of the  
BLUEGRASS**



**VIRGINIA PLACE**  
One-Parent Family Facility  
FOUNDED, 1986

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and other  
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URBAN COUNTY HOUSING  
AUTHORITY**  
  
Section 8 Certificates

## VIRGINIA PLACE. THE ONE-PARENT FAMILY FACILITY

### PROGRAM DESCRIPTION

Virginia Place, the One-Parent Family Facility, is a transitional housing facility which provides unemployed or underemployed single parents with the opportunity to achieve emotional and economic independence. In addition to having 15 two-bedroom apartments, Virginia Place has a licensed child care center and a health clinic on site. The program is designed so that residents stay in the transitional facility for a period of up to two years, although this period may be shorter or longer (with permission of the Board) depending on individual circumstances. While living at Virginia Place, residents must be enrolled full-time in a post-secondary educational program, usually at Lexington Community College, the University of Kentucky, or Kentucky Tech. After they complete their schooling it is hoped that the parents will be able to obtain employment at salaries high enough to support independent living. The minimum income currently needed for self-sufficiency in Lexington, Kentucky is estimated to be \$10 per hour for full-time employment with benefits.

As important to their development as their formal curricula is the informal education residents receive while living at the facility. Workshops are conducted on-site by a variety of community professionals. These workshops are designed to teach residents life skills which will improve their chances of becoming fully self-sufficient. Workshops include such subjects as parenting skills, budgeting, nutrition, assertiveness training, CPR, first aid, home security, childhood diseases, resume-writing, and job interview skills. All residents participate in the Virginia Place Residents Council, which gives them the opportunity to learn organizational skills and to learn how to deal effectively with community problems. Residents' interaction with each other and with the staff also forms part of the informal learning process. Another significant contribution to the education of these young parents is the demonstration of a quality child care in which the parents are free to participate and encouraged to learn what to expect from good child care.

### VIRGINIA PLACE-BACKGROUND AND ORGANIZATIONAL STRUCTURE

Virginia Place, a private 501(c)(3) non-profit organization which opened its doors in 1986, was developed by and is sustained through the efforts of the Lexington-Fayette Urban County Government, the Kentucky Housing Corporation, the University of Kentucky, the United Way, and many other interested individuals and organizations in the Community. ~~Under the guidance of then Mayor Scotty Bowler,~~ the Lexington-Fayette Urban County Government purchased and renovated the apartment complex with low-interest financing from the Kentucky Housing Corporation. Lexington's Mayor appoints the Board, and the local government's Commissioner of Housing serves as President of the Board of Directors.

A unique feature making Virginia Place a truly innovative project is the role which the University of Kentucky has elected to play. The Deans of

the colleges of Human Environmental Sciences, Nursing, and Education serve on the Board of Directors. The College of Human Environmental Sciences furnished the child care center and, since its opening, has provided advice and guidance in its operation. Faculty of this college also take an active role in helping the residents learn about budgeting and home management. The College of Nursing provides the services of a Family Nurse Practitioner (FNP) for four hours per week. The FNP examines every child and every mother during the year and makes the appropriate referrals to medical services when health problems are detected. The FNP's role also includes serving as a "friendly" medical expert with whom clients can discuss health issues and receive support when seeking health care. The College of Education provides scholastic testing and tutoring, and the College of Dentistry provides dental care to the children and mothers. While receiving many services from the University, Virginia Place in turn serves as a practicum site for University students in child development, nursing, education, and social work.

Three funding sources are of primary importance to the continuation of the Virginia Place program. The first source is rent paid through the Section 8 program. Families accepted into the program automatically receive Section 8 Rental Assistance, which is administered by the Lexington Housing Authority. The second source of funding is child care payments. Virginia Place has a signed contract with the Kentucky Cabinet for Human Resources which recognizes its residents as voluntary JOBS participants. Because of this status their child care is paid for through the JOBS program. Child care lunches are also subsidized through the Child Care Food Program. The final source of significant income--about 21%--is a yearly allocation made by the United Way of the Bluegrass.

#### CHARACTERISTICS OF PARTICIPANTS AND BARRIERS TO SELF-SUFFICIENCY

Most residents of Virginia Place have not previously been able to maintain successful independent living situations. They are usually single mothers in their early twenties who have either one or two children, have a GED or high school diploma, and have a desire to further their education. For a variety of reasons they are unable to accomplish this educational goal without assistance. More than half of the residents are the adult survivors of parental drug or alcohol abuse or were otherwise abused or neglected as children. Many became mothers as unmarried teenagers, some are single parents because of divorce, and some have been the victims as adults of domestic violence. As single parents without job skills, they find themselves unable to earn a living wage, maintain a home, and take care of children. Along with a job market which requires a higher education, the barriers to self-sufficiency are lack of affordable, dependable, quality child care, and the scarcity of fit and affordable housing. Virginia Place, in addition to providing transitional housing and quality child care, provides participants with the nurturing and emotional support system which they often lack, and which they need in order to build self-confidence and self-esteem. It is improbable that these young mothers would be able ever to accomplish self-sufficiency without first building or rebuilding their self-esteem.

Each year approximately five families (1/3 of the residents) leave the program with the parents having completed their educational programs or having, through the Virginia Place program, attained a level of self-esteem

which allows them to finish the educational process on their own. It is the program's experience that this transition from an environment of nurturing and dependency to one of self-reliance is a particularly troublesome time for these young women. Families leaving the program have usually spent two or more years on AFDC, do not have financial resources with which to move and to pay start-up costs of permanent housing, and often experience frustration in trying to meet the demands of the community. To meet these needs, Virginia Place was awarded a HUD grant to employ a full-time Family Services Coordinator to prepare the families in residence for the separation from Virginia Place and then to continue counseling through the first year of independence. The grant also helps with moving expenses and security and rent deposits. This final aspect of the program has helped many families survive the trauma of facing a difficult first year away from Virginia Place and has afforded them the time to become independent and self-sufficient.

Since its inception, Virginia Place has served over 70 families. Of these, 27 of the adults have finished their education and 20 others are still in school. Many of the women have entered the traditional service fields of nursing, social work, and education. Others are working in various businesses. Virginia Place may have provided these motivated, young women with assistance and support, but the women have been responsible for helping themselves to become knowledgeable parents and responsible, productive citizens.

#### THE FUTURE

As Virginia Place has become better known in the community, the demand for its services has grown. Because of this and because of a profound belief in the program, the Board of Directors has planned a larger, more versatile facility. A new complex with 56 two-bedroom apartments and an enlarged child care center will open in March, 1995. The construction of the project is being over-seen by Don Ball, a Lexington developer and a longtime, dedicated Virginia Place board member.

Construction has been financed through various sources. Five Lexington banks bought \$1,130,600 in low income Housing Tax Credits from Virginia Place and provided the bridge loan. A 2% mortgage loan of \$905,200 was obtained from the Kentucky Housing Corporation, and HUD is guaranteeing the mortgage. In addition, the Lexington-Fayette Urban County Government made an award of \$930,000 to Virginia Place in HOME grant monies.

While the complex is being built, the Board committees and Virginia Place staff are interviewing applicants for the expanding program. With the expansion, not only will we be serve an increased number of families, but also we will be able to serve a broader age-range of children and provide a program with greater depth and breadth.

FACTS ABOUT THE FAMILY CARE CENTER  
1135 Red Mile Place  
Lexington, KY 40504  
(606) 288-4040

Services

The Family Care Center offers a broad array of family services at one location. Descriptions of families participating varies but single, adolescent parents with one or more children under five participate in a comprehensive program that is intensive, time limited, and designed to encourage and support families to become self sufficient. The Center emphasizes increasing family resources and empowering parents to make appropriate decisions for their families. Through the coordinated efforts of all of the programs, the Family Care Center strives to help families break the barriers to health, overall well-being and economic independence.

The Center coordinates three on-site programs:

1. Developmental Child Care
2. Children's Health Services
3. Parent Education Center

Developmental Child Care Services

The Early Child Care Center provides developmentally appropriate activities for 250 children ranging in age from six weeks through Kindergarten. The Kindergarten and four year old programs are provided through a cooperative effort with Fayette County Schools. Each child is assessed within 30 days of enrollment. This assessment is used for individual program planning as well as determining if there is a need for further assessments in specific areas.

The daily schedule provides a balance of child/teacher initiated and active/quiet activities. The High Scope Curriculum is used by teaching staff in an effort to guide children through a variety of active learning (hands on) activities.

Parents are encouraged to participate in classroom activities in a variety of ways. FACT time, (Parents and Children Together) is a unique time set aside each week. During this time, the parent interacts with their child in the classroom. This program enables parents to increase

their participation in their child's education.

#### Children's Health Services

The Family Care Center Clinic services are available to children in the community as well as children enrolled in the child care component of the Center. Services include acute and preventive primary health care, mental health, dental care, speech, physical and occupational therapy.

The goals of the health clinic are to improve the health status of children and to empower parents to increase their participation in their child's health care.

#### Parent Education Center

The goal of the parent resource component is to provide students with the skills to live self-sufficiently.

This broad goal necessitates instruction, not only in academic areas, but also in parenting, health, life management, and employability.

Group and individualized classes, field trips, job shadowing, and work internships provide the educational formats. Each student seeks to obtain the necessary skills to secure an adequate job and to provide for their families intellectual, emotional, and health needs.

#### Case Management Services

Case Management is a method of organizing and integrating service delivery. Case Management is often described as the "glue" that binds a multi-component service program together. This is its purpose at the Family Care Center.

Its key feature is pairing each participant with a Case Manager who is responsible for overseeing the progress of her/his assigned families in program activities. The Case Manager assists the participant and their children in meeting personal and program objectives.

Most services at the family Care Center are offered on-site. Case Management ensures that all program components from various disciplines work together to meet the needs of each family.

The Case Management component is responsible for recruiting and retaining families in our service population. Case Managers assist families in managing parenting responsibilities and participation in a program as complex as the Family care Center.

### Funding and Collaboration

The Family Care Center was constructed and is operated by the Lexington-Fayette Urban County Government and funded through a combination of local government, community agencies, state and federal monies, and private dollars. The Fayette County Public Schools provide Kindergarten and four year old programs at the Center, have located their vocational assessment center to the site, and provide teachers for the Adult Basic Education and high school diploma program. The University of Kentucky Colleges of Medicine, Nursing, and Dentistry provide primary health and dental care. Cardinal Hill Hospital provides therapy services. The Bluegrass East Comprehensive Care Center has a psychologist on site who provides family counseling and also offers additional mental health services to parents. The Fayette County Health Department operates a WIC clinic at the Center. The Health Center was awarded a Healthy Tomorrows grant from the Academy of Pediatrics and the Department of Health and Human Services. The Cabinet for Human Resources has awarded the Center a grant for their participation in the "New Chance" project developed by the Manpower Demonstration Research Corporation.

### SOME RESULTS

- ... Since its opening in October 1989, 284 individuals have participated in the Parent Education Center.
- ... 650 children have attended the Developmental Child Care Center
- ... 1,500 children were seen in the Pediatric Health Clinic and 1,000 in the Dental Clinic
- ... 47 parents have received their GED's
- ... 10 parents have received their high school diplomas
- ... 21 parents have enrolled at Lexington Community College
- ... 12 parents attend vocational school
- ... 35 parents are working full or part time
- ... All parents currently enrolled in the program have become computer literate
- ... More children are receiving preventive medical and dental care
- ... Parents are becoming more responsive to the needs of their children
- ... 115 different volunteers participate in the program, in children and adult classrooms, in the WIC clinic, library and clothing room, provide hair cuts, teach arts and crafts, and prepare tax returns.

WR - Virginia

## State of Virginia Provisions for Minor Non-Custodial Parents

The Virginia state welfare reform legislation enacted a provision that requires any minor non-custodial parents to attend school or pay child support as if he were an adult (provided his children are receiving AFDC benefits).

- o This provision was recommend by the Governor's Commission on Citizen Empowerment as an incentive to keep minor fathers in school.
- o No federal waiver was required to implement this provision as requirements for school attendance and child support are both set under state law.
- o Minor non-custodial parents are not automatically exempted from payment of child support in most states. However, if a non-custodial parent (minor or adult) is unemployed and has no skills, most states set a nominal monthly award (\$25 to \$50 a month). Child support awards are based on parent's ability to pay.

The Work and Responsibility Act of 1994 would have encouraged such state-based reforms through the following provisions:

- o States would be able to spend up to 10 percent of its JOBS and WORK program funding for education, training, work readiness, and work opportunities for non-custodial parents whose children were receiving AFDC or if the custodial mother was in the WORK program, or the NCP was unemployed and had outstanding AFDC child support arrears. This provision was not limited to minor fathers.
- o The Secretary would be authorized to make grants to States, tribes and community based organization for projects designed to improve the parenting skills of non-custodial parents. Of particular emphasis was the importance of parent involvement and economic security in the healthy development of children. The projects were primarily aimed at poor, young, non marital fathers.
- o Demonstration programs for high risk teens and teen parents would have encouraged states to consider the minor non-custodial father as well as the minor custodial mother. Any JOBS related requirement for minor custodial parents could be applied to non-custodial parents for States choosing to provide such programs.

Minor non-custodial fathers are a small target population for any program. Only 26 percent of men involved in pregnancy among women under age 18 are estimated to be under age 18 themselves. About 35 percent are estimated to be 18 or 19 and 39 percent are estimated to be at least 20. Nation-wide only 50,000 births annually are estimated to belong to fathers under age 18.

*WR - Virginia*Virginia - Virginia Independence Program

## DESCRIPTION

Statewide,

- provide one-time diversion payments to qualified applicants instead of AFDC;
- change first time JOBS non-compliance sanction to at least one month continuing until compliance and remove conciliation requirement;
- make paternity establishment within 6 months a condition of eligibility and suspend grant if mother is not cooperating in paternity establishment;
- require minor parents to live with adult guardian;
- eliminate benefit increase for children born while a family receives AFDC;
- require AFDC caretakers without a high school diploma, aged 24 and under, and children, aged 18 and under, to attend school;
- require child immunization;
- allow \$5000 resource exemption for savings for starting business;
- increase Transitional Child Care and Transitional Medicaid eligibility;
- and eliminate deeming requirement for aliens when their sponsor receives food stamps.

Also, VIP would phase in over 4 years a work component (VIEW) that will:

- require participants to sign an Agreement of Personal Responsibility as a condition of eligibility;
- assign participants to a work activity within 90 days of benefit receipt;
- time-limit AFDC benefits to 24 consecutive months;
- increase earned income disregards for continued eligibility up to the federal poverty level;
- disregard value of one vehicle up to \$7,500;

- provide 12 months transitional transportation assistance;
- modify current JOBS participation exemption criteria;
- eliminate limitation on job search;
- assign participants involuntarily to subsidized work placements;
- apply full-family sanction for refusal to cooperate with work programs;
- subject unemployed parents to same work requirements as single recipients;
- and provide employer subsidies from AFDC plus the value of Food Stamps.

**Status**

Application Received: 12/2/94 and 3/28/95 (amendments)

Proposed Implementation Date: July 1, 1995

# HHS NEWS

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

**EMBARGOED FOR RELEASE UNTIL:**  
10:06 A.M. EDT  
Saturday, July 1, 1995

Contact: Michael Kharfen  
(202) 401-9215 (c)  
(202) 364-3291 (h)

## HHS APPROVES VIRGINIA WELFARE WAIVER

The U.S. Department of Health and Human Services today approved "Virginia Independence Program" (VIP), a statewide welfare demonstration project for Virginia. This is the second waiver demonstration for Virginia approved under the Clinton administration.

"The approval of Virginia's demonstration reaffirms the Clinton administration's commitment to giving states the flexibility to experiment with welfare reform," said HHS Secretary Donna E. Shalala.

As an initial feature of VIP, to keep families in crisis from going on welfare, Virginia will offer eligible applicants for Aid to Families with Dependent Children (AFDC) the option of receiving up to 120 days worth of AFDC benefits in one payment -- with the stipulation that they cannot receive any more AFDC benefits for at least 150 days.

The state will also require unmarried minor parents to live with a parent or responsible adult, will deny additional benefits to children born to a family on AFDC, and will impose financial sanctions on families whose children do not receive preschool immunizations or comply with school attendance standards. If a caretaker relative does not assist in establishing paternity for a child born out-of-wedlock, the family's entire AFDC benefit can be terminated for at least one month until the relative cooperates with the state.

VIP also contains two additional components: Virginia Initiative for Employment Not Welfare (VIEW) and Full Employment Program (FEP).

- MORE -

- 2 -

Under the VIEW program, to be phased in statewide over four years, recipients who can be expected to work must sign an Agreement of Personal Responsibility. Failure to sign can result in termination of AFDC cash benefits for the family. Cash benefits will be limited to 24 cumulative months for cases headed by employable caretakers. During this time period, adults must participate in training or employment-related activities.

Under VIEW, earned income will be disregarded so long as earnings plus the AFDC allotment do not exceed federal poverty guidelines. Transportation assistance will be provided for up to one year if such assistance is necessary for the individual to work.

In addition, under the final terms of the waiver, the state agreed to make additions to its original submission and to provide exceptions for hardship cases. The state will extend cash benefits beyond the two year time limit in some cases for parents who cannot find employment.

Persons in VIEW who cannot find unsubsidized employment can participate in FEP, which allows the state to fund private sector subsidized employment by combining AFDC benefits with cashed-out food stamp benefits.

"These demonstrations afford us the opportunity to learn what works in welfare reform," said Mary Jo Bane, assistant secretary for children and families. "I look forward to seeing the results."

The demonstration will operate for eight years and will include a rigorous evaluation.

# # #

Talking Points  
Virginia Waiver - Virginia Independence Program

On July 1, 1995, Virginia receives its second welfare waiver from the Clinton Administration, to test innovative welfare reform strategies. Continuing our commitment to state flexibility, bipartisanship, and real welfare reform, the Clinton Administration supports Virginia's Independence Program to help welfare recipients move from dependence to independence.

While Republican disagreements may delay national reform, the Clinton Administration is helping states move ahead to implement bold new welfare reforms that meet their local needs. As President Clinton has said "This debate must go beyond partisanship; it must be about what's good for America, and which approach is more likely to bring prosperity and security to our people over the long run." The Clinton Administration wants to set states up for success -- and that means giving them the tools they need to implement innovative reforms.

Virginia is seeking to prevent welfare dependency. The Clinton Administration and the American people agree that the best reform of welfare would be to ensure that people do not need it in the first place. That is why Virginia will help at-risk families avoid becoming dependent on public assistance by providing a one-time diversion payment instead of AFDC.

Virginia's waiver demonstration is based on the idea that welfare should be a transitional support system, rather than a way of life, by providing opportunity, but demanding responsibility in return. With the approval of this waiver, Virginia becomes the 17th state to test time limited benefits. Phased in over four years, Virginia will require participants to sign an "Agreement of Personal Responsibility" -- similar to the personal employability plan included in both the President's Work and Responsibility Act and the Democratic leadership's alternative welfare reform plan -- spelling out an individualized plan to move from welfare to work as quickly as possible. Cash benefits will be limited to 24 cumulative months for cases headed by able-bodied adults. During this time period, adults must participate in training or employment-related activities.

Virginia recognizes that welfare reform is first and foremost about work and private sector employment is the best way to ensure that people get off and stay off welfare. Through one component of Virginia's demonstration project, the "Full Employment Program", the state will move people to work by using money now spent on welfare and food stamps to subsidize private-sector jobs -- providing participants with work experience, valuable skills, and self respect -- and providing businesses with an incentive to hire and train recipients.

Virginia is making work pay. By increasing resource limits and the automobile asset limit, Virginia is creating an economic support system that provides incentives to encourage families to work, not stay on welfare. The state will also extend transitional transportation assistance.

Virginia, adhering to the Clinton Administration's call for stronger child support enforcement in welfare reform, is seeking to ensure that children receive financial and emotional support from both parents. Strong sanctions will be imposed for families who do not establish paternity within six months of receiving benefits. As President Clinton has said, governments don't raise children -- parents do. Virginia is sending a strong signal to young people about the responsibility of both parents to the children they bring into the world.

Virginia's Independence Program includes important prevention and parental responsibility components. Similar to provisions of President Clinton's welfare reform plan, Virginia is sending a clear message to teen parents that having children is an immense responsibility rather than an easy route to independence. Virginia is committed to promoting parental responsibility and ending long-term welfare dependency by requiring minor mothers to live at home or with a responsible adult, providing incentives for minor parents to stay in school, requiring children to be immunized, and limiting benefits for families who have another child while on AFDC.

The Clinton Administration has worked very hard with Virginia officials, across party lines, to give the state the flexibility to combine real work requirements with real resources and incentives for people to move from welfare to work. We hope that Congress will follow suit -- putting aside partisan differences to get the job done. As President Clinton has said, "Welfare reform is too important for that kind of Washington game. It should be open. It should be bipartisan. And we should get on with it right away."

**VIRGINIA WAIVER Q AND A**

June 30, 1995

Q: What does the Virginia waiver do?

A: Virginia's waiver demonstration, the Virginia Independence Program, reflects President Clinton's principles for welfare reform: work and responsibility.

Virginia's waiver is focused on moving people from welfare to work by requiring participants to sign an agreement of personal responsibility; placing a two-year time limit on cash benefits; requiring adult recipients to participate in training or employment-related activities; and using money now spent on welfare and food stamps to subsidize private sector jobs for recipients. Virginia is also increasing income disregards and asset limits, to provide incentives for families to leave welfare. Seeking to prevent welfare dependency in the first place, Virginia is helping at-risk families avoid becoming dependent on public assistance by providing a one-time diversion payment instead of AFDC.

Virginia's Independence Program also includes important teen pregnancy prevention and parental responsibility components such as: requiring minor mothers to live at home or with a responsible adult, stay in school, establish paternity, and immunize their children; and limiting benefits for families who have another child while on AFDC.

Q: How is Virginia's waiver similar to others approved by the Clinton Administration?

A: Virginia's demonstration contains some provisions which are similar to those in other state welfare reform demonstrations: time-limits for AFDC benefits for families headed by employable adults; increased work incentives, including subsidized employment, changes in the calculation of benefits when there are earnings, and stronger sanctions for non-compliance with program requirements; a family cap provision (i.e., no increase in the AFDC benefit for children who were conceived while the family was receiving assistance or shortly after receipt ends); signing of an Agreement of Personal Responsibility as a condition of eligibility; personal responsibility requirements such as paternity establishment and immunizations and school attendance for children; and the provision of transitional child care and Medicaid benefits to more families.

A provision included in only a few other state demonstrations is a "diversion" component in which eligible families with temporary or immediate needs can volunteer to receive a cash assistance payment equal to up to 4 months of AFDC benefits in lieu of becoming an AFDC recipient.

Q. How does the time limit work and what is the exemption policy?

Under Virginia's waiver demonstration project, cash benefits will be limited to 24 cumulative months for cases headed by able-bodied adults. During this time period, adults must participate in training or employment-related activities.

Not all recipients will be subject to the time limit. Examples of cases not covered by the time limit are cases in which: there is a disabled or incapacitated parent or child; the adult is not the parent and assistance is requested only for a child(ren); the head of the unit is under 16 or under 19 if enrolled full time in school; there is a child under 18 months, excluding a child covered by the family cap; there are foster children receiving benefits. These cases will be exempt from the time limit for the period that such conditions exist.

In addition, if an individual has "played by the rules" but is unable to find a job paying at least the equivalent of her AFDC benefit, or, through no fault of her own loses a job, she may apply for an exception to the time limit. If the individual is not eligible for an exception to the time limit, the family will still be eligible for Medicaid. If the individual later finds employment, she will be eligible for transitional child care.

Q: How does the President feel about missing his deadline to have welfare reform legislation on his desk by July 4th?

A: We're disappointed that sharp divisions among Senate Republicans have forced them to delay floor debate on a bill, and that Senator Faircloth has threatened to filibuster a bill unless it contains the punitive ban on aid to teen mothers. But we still have hope for a bipartisan compromise. The Democratic Leadership has put forward a bold welfare reform proposal that requires work, encourages parental responsibility, increases state flexibility, and sends a strong message to the next generation that they should not have children until they are ready to care for them. We hope it will lead to a bipartisan agreement on welfare reform legislation.

While Republican disagreements may delay national reform, the Clinton Administration is helping states move ahead to implement bold new welfare reforms that meet their local needs. The Clinton Administration has worked very hard with Virginia officials, across party lines, to give the state the flexibility to combine real work requirements with real resources and incentives for people to move from welfare to work. We hope that Congress will follow suit -- putting aside partisan differences to get the job done. As President Clinton has said, "Welfare reform is too important for that kind of Washington game. It should be open. It should be bipartisan. And we should get on with it right away."

WR-Va

Bruce:

I'm afraid that the child care provision in the VA waiver is not something we can highlight. Instead of saying transitional child care will be extended to families after they LEAVE the welfare rolls, apparently it would be more accurate to say ...after they are KICKED OFF the welfare rolls. Not quite the same message!

I assumed incorrectly, from the ACF list of provisions that I sent you, that "increase Transitional child care and Transitional Medicaid" was similar to most of the other waivers that extend the length of time of eligibility for these benefits. Many states have extended transitional child care and/or health care from 12 months to 24 months. In Virginia's waiver, however, it means that people who are kicked off of welfare after the 2 year time limit will again be eligible for transitional supports once they find a job. Nothing will change for everyone else transitioning from welfare to work within the allotted two year time limit. They will receive transitional child care and health care for the usual 12 month period after they leave the rolls.

I hope this makes sense. Sorry for the bad news. Attached is a new version of the talking points -- I removed all references to transitional child care and health care! Please let me know if you have any questions or need additional information.

Toby

WR -  
Va.

We started the JOBS Program, the Job Opportunities and Basic Skills Program. We said we will expect people to work. Well, of course, I have here a button from one of the JOBS programs in Riverside, CA. We had testimony in the Finance Committee just a while ago. It is a wonderful button. The director is an enthusiastic man. The button says, "Life Works If You Work." He is right. And there is nothing wrong with that. Twenty years ago such ideas would possibly have been thought of as punitive, possibly stigmatizing. We are well beyond that in large part because of the JOBS Program.

There is no doubt that we passed this legislation because States had begun to innovate. Those innovations seemed promising, and the Manpower Development Research Corp. based in New York City could measure results. And these innovations went right across the political spectrum. Governor Dukakis, a liberal Democratic Governor of Massachusetts, and Governor Deukmejian, a conservative Republican Governor of California, adopted very similar ideas—get people ready to work, get them thinking they can do it, and get them out of the house and into the mainstream.

We based our program on those experiments that had taken place. We very carefully said we are going to work on the hardest cases, not the easiest ones.

If I can say, Mr. President, at the risk of being a little too statistical, the population of the AFDC cases is what statisticians call bimodal. A little less than half, about 40, 45 percent are mature women whose marriages have broken up, or they are separated, or divorced. They will come into this arrangement for a brief period and they go off on their own. They organize their lives as people do, and the research is very clear on that. You can do all the effort you want with such people. They do not need your help, thanks very much. They just need some income support for a period until they get their other affairs in shape on their own. But slightly more than half are young people with no marriage, no job experience or little, often in settings where they are surrounded by such persons.

Mr. President, may I ask if I can continue in morning business, there being no other Senator seeking recognition?

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MOYNIHAN. Thank you, Mr. President.

So we launched this program. Having been involved with this subject for 30 years and more, may I say one recognizes in the State governments enormous creativity. There is scarcely a day or week that you do not read of some new program in one State or another.

I believe it was Monday evening on one of the evening news programs, it was NBC. It was Lisa Myers interviewing persons in Connecticut including

the Governor where a very bold set of ideas has been developed around the principles of the Family Support Act of 1988. You are in here. It is a temporary arrangement, we are going to help you get out of this. We realized what obstacles we had inadvertently put in place to becoming free of welfare. In 1965 we enacted Medicare and Medicaid. So then a welfare mother had health care for her children, full, free health care. The minute she left welfare she lost it. Many mothers are going to think twice about that, particularly if a child has a health condition that is chronic and requires care. It would be unfair to the child to deprive him or her of that care. We said we will give you a year on Medicaid after you leave the rolls, as the term was. We will give a year of child care. We will help you along in this.

States are innovating all the time. Up in Connecticut they are saying, "Remember, You only have"—as I believe it was—"21 months. In the meantime any job you get you keep it."

That is the kind of waiver which we anticipated in the legislation, bipartisan and unanimous legislation, and the Clinton administration and Secretary Shalala have been very good about getting these things up and out, but not fast enough, a problem addressed by the legislation I introduce today. We say a waiver decision will be handed down in 90 days. The presumption is the States know what they are doing, and we want them to try it.

This morning the front page of the Washington Post has a story, "Virginia Suburbs To Test Allen Welfare Plan. Area Has Eleven Months to Adopt Changes. Find Thousands Work."

Work. "Life Works If You Work." We are not afraid of that. We wanted that. We encouraged that. That is what the legislation did. Governor Allen, a Republican Governor. The article says:

That means one of the country's boldest welfare plans will unfold in the back yard of its top leaders, virtually guaranteeing the attention of Congress and the White House as they shape national policy.

"Virginia is again making history," said Allen, a Republican. "It is the most sweeping and, I think, the most compassionate welfare reform plan anywhere in the nation."

This is taking place under the Family Support Act of 1988. And it is being paid for by the Federal matching funds and the guaranteed matching support for children. There is something very important there that might easily have been missed in that statement. I will say it again.

Governor Allen says, "Virginia is again making history. It is the most sweeping and, I think, the most compassionate welfare reform plan anywhere in the nation."

A welfare reform designed to say to people you have got to go to work, you have a set time where you have to get yourself together, and we will help you to get on your way.

Years ago no one would have described such an effort as compassionate. Indeed, I have been through

these matters and I can say to you the slightest suggestion that work might be appropriate for welfare recipients was decried as punitive, and those who suggested it said, "No, no, no. There is no such intention." Now, openly, Governors will say, if you care about your fellow citizens, you have to help them get out of the debilitating and unfair situation.

And that is what we do. That is what we can do more of. The bill I introduce today will provide an additional \$8 billion over 5 years with every penny paid for, every penny provided through closing tax loopholes, refining the Supplementary Security Income program. I had a hand in the proposals under President Nixon that led to SSI as we called it. It was intended to deal with the problem of adults who could not work, the permanent, totally disabled, and such like. We close loopholes such as that egregious practice we have come upon of American citizens renouncing their citizenship in order to avoid their taxes. There will be no more of that. The chairman of the Finance Committee, Mr. PACKWOOD, and I agreed as of the day this issue was brought up you cannot do it anymore. This bill will provide funds for that purpose and other such matters. We are not adding a penny to the deficit. I would not dare, particularly with that most formidable and knowledgeable chairman of the Budget Committee in the Chamber. We pay for this provision for women and children to help them pay for themselves.

Mr. DOMENICI. Will the Senator yield?

Mr. MOYNIHAN. I am happy to yield for a question.

Mr. DOMENICI. I was just passing through. I was not going to even pass on the Senator's eloquence or arguments, but since the Senator mentioned my name, I ask that the Senator particularly use his good head during the next 5 or 6 days and help us get a balanced budget.

Mr. MOYNIHAN. I will most assuredly help the Senator do that, and we want to balance the budget for the children of America, too, and we have it here and we are going to pay for it.

If the distinguished chairman could just let me point out, in the midst of the Depression of the 1930's, we could provide for dependent children as a Federal responsibility. In the 1990's, when we have a \$7 trillion economy, it has been proposed to take that away.

Look at what we have done to our children. The average benefit, in 1995 dollars, two decades ago was \$650. It is down to \$350. That is not the social policy the chairman of the Budget Committee is associated with and not the one with which I think this Senate should wish itself to be associated.

I thank my friend.

Mr. DOMENICI. I thank the Senator. Let me just mention, however—and the Senator would agree—since the early days of that program to help our poor children, we have, indeed, passed more

# Allen Would Restrict Va. Welfare Benefits

By Peter Baker  
Washington Post Staff Writer

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RICHMOND, Dec. 5—Welfare recipients in Virginia would have to find a job within 30 days of receiving their first government check or perform public service such as working in libraries or homeless shelters to keep their benefits, under a plan finalized today by the administration of Gov. George Allen.

The proposal would force teenage mothers to live with their parents and attend school to receive welfare. Older mothers would have their aid cut off if their children skip or flunk too many classes.

The measures are included in a comprehensive welfare plan designed to place Virginia among the vanguard of states redefining how government deals with poverty. The effect would be to recast the 30-year-old Great Society programs in favor of more conservative incentives and penalties intended to prod the poor into self-sufficiency.

"We have created a lifestyle of dependency on government programs rather than having programs mean what they were originally intended to be and that is a safety net," said Kay Coles James, Allen's secretary of health and human resources. "The people of Virginia are willing to be compassionate, but they also want their dollars spent wisely."

As part of the proposed overhaul, Virginia would begin enforcing an existing law placing a

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two-year limit on benefits and scrapping extra payments to women who have more children while on welfare.

Advocates for the poor decried the plan as misguided and harmful, a product of people who just don't understand the poor.

"What's going on is a political steamroller," said Steven L. Myers, staff attorney at the Virginia Poverty Law Center. "It's not just in Virginia, it's widespread. And it's a discussion in which the facts seem to play very little role."

Much of what Virginia wants to try mirrors recent initiatives in other states and what the new GOP-controlled Congress has pledged to do in one sweeping national move. Led by House Speaker-elect Newt Gingrich (Ga.), the Republicans are pushing welfare changes that would force millions from the public dole; many of those recipients, they argue, don't deserve continued public assistance.

Their proposed Personal Responsibility Act would end aid to young unwed mothers and most immigrants, deny assistance to children whose paternity has not been established and subject welfare programs to annual budget reviews that likely would mean spending limits. More recently, Gingrich also suggested that orphanages be created for poor children.

The federal government is trying to catch up with the states, which jointly control most welfare programs and have been experimenting for several years because of soaring costs.

Wisconsin is perhaps best known for its requirement that all able-bodied welfare recipients work and for its two-year limit on benefits. New Jersey was the first to approve a "family cap" eliminating benefit increases to women having additional babies. Georgia, Vermont and Arkansas are among states with variations on those themes.

The impact of such changes has been hard to measure, however, since they have been instituted in small pilot programs or have just gotten underway.

The "Virginia Welfare to Work" program, crafted by James and an Allen-appointed commission she heads, is scheduled to be announced at a news conference with the Republican governor on Dec. 15, but his administration already has filed an application with the Clinton administration for the federal waivers required for implementing the changes.

Although some provisions were approved by the Democratic-controlled General Assembly in March, other aspects will require action in the 1995 session, which begins next month.

Allen's plan has a good chance of passage. Welfare reform is so popular on both sides of the political aisle that Democrats, led by Lt. Gov. Donald S. Beyer Jr., rushed to enact their own version during last winter's session, getting the jump on the newly inaugurated Allen.

In an interview today, Beyer portrayed the Allen plan as an extension of what he already was trying to do, saying he liked the concepts but was concerned about how they would be put into effect.

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"The gist makes sense," he said. "We just have to make sure how we implement this, to make sure we're ... [not] taking the most marginalized and throwing them to the wolves."

Unlike Beyer's legislation, which envisioned testing new rules on a fraction of the welfare population, Allen's plan would cover all 74,000 families receiving Aid to Families With Dependent Children by 1998.

Regions of the state with low unemployment would be affected first, meaning that nearly all of Northern Virginia would be covered beginning July 1. Only Alexandria would not be covered until the second year starts on July 1, 1996.

The typical welfare family with three children in Northern Virginia receives \$354 in AFDC and \$254 in food stamps each month, plus Medicaid and child-care assistance.

The centerpiece of the Allen plan is the "workfare" requirement. Under the Beyer program, which never was implemented, able-bodied recipients have to find work within a year of receiving benefits; Allen's plan shortens that to a month. Those who do not get a job would have to work up to 32 hours a week in a government office or on a community project in exchange for the cash payments.

Exempted would be anyone under 16 or those 55 and over; those with long-term disabilities; women in the final trimester of pregnancy or with a child under 18 months; and 16- and 17-year-olds in school. The state could suspend the requirement in regions with high unemployment.

The Allen plan also goes further than the earlier legislation by setting up a variety of penalties. For example, women applying for services would be rejected if they did not identify the father of their children. Though some exceptions would be made, those claiming to be fearful of retaliation would not be eligible unless they had filed a police report.

Housing assistance would be cut off for unwed mothers under 18, who would be required to live with their parents or another adult relative to receive AFDC or food stamps. Those same minors would have to stay in high school, maintaining satisfactory attendance and grades, to keep their benefits.

Other provisions of the plan would establish a "fatherhood training program" for young men, allow all public housing developments to be run by residents and turn child-support enforcement and welfare fraud investigations over to private businesses.

James acknowledged that the plan's job training and child-care provisions would cost the state money upfront before any long-term savings are realized. But she would not say how much.

Christopher J. Spanos, a longtime social service lobbyist, said that will be the true key to the program's success.

"The idea that we're going to end the culture of staying at home with nothing to do and provide real job training is a positive move, but they have to be funded," he said. "The big problem we've had with welfare reform is that we've never wanted to fund it to make it work."

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# Major Cuts in Tax Breaks, Benefits Urged by Entitlements Panel Staff

By Eric Pianin  
Washington Post Staff Writer

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A staff report of the president's bipartisan commission on entitlements and tax reform has recommended far-ranging, politically explosive changes that would gradually raise the Social Security retirement age, impose higher Medicare insurance premiums and deductibles for most senior citizens and restrict or eliminate the federal tax deduction for interest on home mortgages.

The commission staff also recommended reducing congressional retirement benefits by as much as 40 percent, cutting Social Security benefits for wealthier people and substantially slashing or eliminating a number of highly popular tax breaks for middle- and upper-income Americans, including the mortgage interest deduction and the deduction for state and local income taxes.

The 32-member commission is charged with devising a plan to help stem the tide of entitlement spending, placing Social Security and Medicare on sounder financial footing and reducing the federal budget deficit, which has been shrinking in recent years but is projected to resume growing soon. The commission is scheduled to review the recommendations on Friday and vote on a final package next week.

Sens. Bob Kerrey (D-Neb.) and John C. Danforth (R-Mo.), the chairman and co-chairman of the commission, have spent months trying to coax members toward consensus on a tough plan that could be submitted to the president and Congress for action next year. However, the commission is dealing with issues that are among the most sensitive in politics, and many involved in the process are skeptical that the commission can reach an agreement.

Mark Weinberger, the commission's chief of staff, said yesterday there was no way to predict the outcome of the deliberations, adding that "anything's possible, and

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Kerrey and Danforth still are hoping to get members to coalesce."

"This commission has the best chance of putting the real issues back on the table," Weinberger said. "It will be hard for either party or the White House to take on such tough issues independently."

Republicans who swept to control of the House and Senate last month have pledged to balance the budget by the year 2002, but GOP leaders have promised to protect Social Security from any of the spending cuts. In contrast, the entitlement commission staff has relied upon major changes in the Social Security program to achieve a substantial part of the projected savings.

Those proposals would speed up the scheduled increase in the retirement age from 65 to 67; reduce benefits for upper-income retirees; limit cost-of-living adjustments; and reduce spousal benefits. Another provision would boost from 50 percent to 85 percent the portion of Social Security retirement benefits subject to taxation for individuals earning more than \$25,000 a year and couples earning more than \$32,000.

Some of the Republican members of the commission—including Rep. Bill Archer (Tex.), the incoming

chairman of the Ways and Means Committee—have strenuously objected to proposals that would tangle with so-called tax expenditures, such as the mortgage interest write-offs. The staff report suggests reducing the maximum mortgage principal that is eligible for interest deductions from \$1 million to \$300,000, which would save the Treasury \$20.6 billion over five years, or even eliminating the deduction, which would net \$254 billion in the same period.

The report also proposes eliminating deductions for state and local income and property taxes; reducing or eliminating write-offs for charitable contributions; and reducing the tax advantages for businesses that take deductions for the depreciation of equipment and property.

To soften the blow of the proposals, the commission staff stressed that proposed increases in premiums and payroll taxes and reductions in benefits would be put off until the turn of the century. In that way, the committee aides hope, the proposals will be more politically palatable to commission members, many of whom are members of Congress, and would give future beneficiaries time to adjust to the harsh new realities.

Some of the changes would be

dramatic. In the case of Medicare, the federal program of hospital and medical insurance for the elderly, the staff proposed imposing a new monthly premium of \$25 to \$60 for hospital insurance pegged to increases in program costs. An alternative approach would be to eliminate the monthly premium but increase the deductible from \$100 to as much as \$1,200.

Commission leaders and staff say that prompt action is needed to begin coping with severe long-term budget problems that will be fueled by an aging population and sharp increases in health care costs. Entitlement programs, such as Medicare, Medicaid and Social Security, coupled with interest payments on the national debt, consume more than 60 percent of all federal spending. Although the federal budget deficit is projected to remain below \$200 billion through 1998, it will then rise quickly and reach an estimated \$400 billion by 2004 without significant policy changes.

The staff proposals offer members more than 75 options for achieving the goals of either balancing the budget or preventing the deficit from increasing as a percentage of the overall U.S. economy.

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