



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

WR -
WHERE
THE
JOBS
ARE

June 30, 1994

MEMO TO : DONNA SHALALA

FROM: Belle Sawhill *el*

RE: Where are the Jobs?

At a recent meeting you asked me to send you something on this question. The attached is a somewhat beefed up version of talking points we have all been using and that reflects input from CEA, OMB, and your own staff.

CC: Bane
Ellwood
Reed
Way
Benami

Welfare Reform Working Group
Talking Points: Where are the jobs?
June 28, 1994

"But to all those who depend on Welfare, we should offer ultimately a simple compact. We will provide the support, the job training, the child care you need for up to two years, but after that anyone who can work, must, in the private sector wherever possible, in community service if necessary. That's the only way we'll ever make welfare what it ought to be: a second chance, not a way of life."
President Clinton, State of the Union address 1/25/94.

Many AFDC recipients already leave welfare for unsubsidized employment.
Currently, 70 percent of recipients leave welfare within two years and 90 percent leave within five years. Women leave to enter work in fully half of these cases. But child care dilemmas, health crises, and low wages now cause most women who leave welfare to eventually return.

The child care and child support improvements in our plan, along with the Earned Income Tax Credit and health care, will eliminate the major obstacles to employment. Our plan provides a year of transitional child care for women moving from welfare to work, in addition to increasing child care for the working poor to bolster families just above the poverty line. The expanded EITC will lift millions of workers out of poverty by effectively making any minimum wage job pay \$ 6.00 an hour for a typical family with two children. A full-time working mother with two children will have an after-tax income of almost \$14,000 even if she works at a minimum wage job. Since most AFDC mothers work at wages that are a dollar or two above the minimum, they will typically have incomes in the neighborhood of \$16,000 to \$18,000 a year. And universal health care will allow people to leave welfare without worrying about coverage for their families.

Positions will be available for women moving off welfare. The Bureau of Labor Statistics predicts rapid job growth over the next 20 years, with employment increasing by more than 25 million jobs by the year 2005. At least 10 of the 15 occupations expected to grow most quickly do not require advanced education. In addition, because of normal turnover, there are at least 30 million job openings a year, a very large proportion of them in entry-level jobs. Welfare recipients will represent less than 5 percent of the women who find new entry-level jobs every year.

In addition, by the year 2000, we will be creating 400,000 subsidized jobs. These positions will be available for those who hit the time limit without finding unsubsidized employment.

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Talking Points

Where are the jobs?

Transitional education and training programs will prepare recipients for the workplace and increase long-term earnings potential. President Clinton's plan requires all teen parents to finish high school and all recipients to participate in training and work preparation through the JOBS program. This approach builds on successful state and local models. In California, for example, JOBS participants' earnings increased an average of 24 percent over the control group average after the second year--55 percent at one site.

Even a minimum-wage job is an important step toward self sufficiency. As women gain job skills, work experience--faith in themselves--they will progress to better-paying jobs and real financial stability.

WR- ~~WR-1~~
Where the
Jobs Are

EXECUTIVE OFFICE OF THE PRESIDENT

04-Apr-1994 08:06pm

TO: (See Below)
FROM: Isabel Sawhill
Office of Mgmt and Budget, HRVL
SUBJECT: Observations from "New Chance"

This weekend I had an opportunity to read MDRC's latest report on New Chance, their program for young women on AFDC who are high school dropouts. The report is not an impact assessment but rather a more qualitative study of the behavior of this group based on in depth interviews with 50 of the mothers. I was struck by a number of findings or observations:

1. Job retention, not finding a job, is the key problem. Over half of these women worked at some point during the study but only 9 were employed at the time of the interview. The overwhelming reason for their inability to keep a job was not a lack of skills but problems dealing with supervisors and the hierarchical nature of the workplace, leading typically to the person quitting or (less often) being fired and going back on welfare. Other research (Pavetti, Herr) confirms this finding. These women had few friends or relatives who could serve as role models, explain workplace norms, or support their attempts to become self-sufficient. In light of this, it seems to me we should be spending more on counselling, mentoring, and workplace socialization as opposed to training or other services.
2. Unplanned second or third pregnancies were very common. Most were due to contraceptive failures or to social pressures from boyfriends or others to not use contraception or to have another baby. It is not clear what the solution is here. Obviously more acceptance, and wider use, of Norplant would eliminate contraceptive failure. But these may not be easy to achieve.
3. These young women preferred work to welfare, for both economic and noneconomic reasons (self-esteem, no hassles from welfare office). Indeed, they saw their own welfare dependency as temporary and favored imposition of a work requirement for other recipients. Their values are quite consistent with those articulated in our proposal.
4. The authors suggest, on the other hand, that their lives are often chaotic and full of various setbacks that make leaving

welfare permanently an unlikely prospect for many.

Distribution:

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