



THE DEPUTY SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

DRAFT - FOR DISCUSSION ONLY

WR Proposal
Nov 93
(Comments)

To: Mary Jo Bane
David Ellwood
Bruce Reed

NOV 24 1993

From: Walter D. Broadnax *WDB*

Re: Comments on Welfare Reform Proposal

Thank you for the opportunity to provide comments and feedback to the efforts of Welfare Reform Working Group (WRWG). I am impressed with and supportive of the inter-agency approach that was taken to address the initiative, and feel that our final product will reflect collaboration and inclusiveness of ideas, and will accomplish the goals of the Administration, while adhering to the needs of welfare recipients.

I would like to begin my comments by providing the overriding themes I am personally committed to. These are: welfare recipients should not be "worse off" as a result of anything that we come up with; work is a principle that we must strongly adhere to -- everyone who can work must work; there should always be a safety net in place for welfare recipients (and former welfare recipients), to ensure that they are never left without some means of support for themselves and their families.

Additionally, I am concerned that the structure and culture of welfare offices maintain the personal dignity and self esteem for the individuals who utilize the services. Realizing this may require a revamping of the training and tasks for social workers. What does the nation's supply of social workers currently look like? What tasks are they willing/prepared to do? Are our schools of Social Work preparing graduates for this new form of customized support?

At our meeting on Saturday, November 20, we were asked to provide responses to specific questions, as well as overall comments. Mine follow in bullet form:

- o The importance of the opening theme cannot be underscored. We need to ensure that in this section we fully and accurately reflect what the President wishes to accomplish through this initiative. Given that, I believe that we sell short what we are trying to do with welfare reform by limiting the introductory discussion to one of preventing teenage pregnancy. While I agree that this is an issue that if properly addressed will enable us to prevent a great deal of welfare dependency, there are, in my mind, larger issues. These include the role and importance of jobs/work, enhanced economic development, communicating the message of the power and value of education, and the importance of hope and opportunity. I would hope that we could think more critically about these components not only in our opening

volley, but also in the section specifically dedicated to work and time limited assistance (there needs to be more effort devoted to the specifics related to economic development in that section).

- o In reference to the conversation about those who stay on welfare indefinitely, in those infrequent instances where this may occur, I stand by my personal value of always providing a safety net (notwithstanding the issue that every one must work). While States should have the flexibility to determine how deep the safety net should be cast, the Clinton Administration, in our welfare reform proposal, needs to ensure that it is always there.
- o In terms of tying in with other administration initiatives, I concur with the sentiment of the group that we should be focused solely on welfare reform. Creating a broader agenda may be counterproductive to our goals. However, I would want to make sure that the issues involved in welfare reform -- "work" and "participation" -- are played out in a manner consistent with other Administration initiatives.
- o Relative to options to the issue of child support, I am not in favor of including child support assurance. I do not feel that it would fly, politically. Also, I am skeptical that we could adequately explain to the American taxpayers where these additional funds would be coming from, and how it is not just another welfare fund.
- o We also discussed the issue of requiring teen mothers to live "with an responsible adult except in exceptional situations". I support this notion provided we leave in the verbiage on "except in exceptional cases", and that we are very clear on what those exceptional cases might include. The notion of two parent families is very compelling to me: at the risk of stating the obvious, our policies and rhetoric should support that whenever, and wherever possible.
- o On the issue of extending the "two year time limit" I am very hard on the issue that if a welfare recipient finds a job then they should accept it. In my mind, the emphasis should be on going to work, not going to school. Going to school is a personal decision. Getting a job should be the highest priority of those receiving public assistance.

Finally, a few comments, please on the overall tone and content of the position paper:

- o Significant components of the draft will require a great deal of cultural and activity-related change to come about in the welfare office. From personnel requirements, to upgrades in technology, to the "re-implementation" of the JOBS program. I question whether these very critical

factors for success are addressed to a deep enough degree in the draft. This is going to require a major "reinvention" initiative at the state and local level, with as much technical assistance as possible from the federal level - all within the context of no unfunded mandates.

- o It may be wise to spell out a little more clearly that activities required of welfare recipients begin on Day One at the beginning of Year One, not Day One at the end of Year Two.
- o Another very critical issue that we may wish to include is how do we ensure the support of children in the face of possible parental sanctions for non-participation. I would feel better if we included pointed discussion on that topic, and define the parameters of what we would like to see, rather than have them defined for us.

Once again, I appreciate the opportunity to provide these reactions to you. Should you have any questions or wish to discuss these in further detail, please do not hesitate to call me.



DEPARTMENT OF THE TREASURY
WASHINGTON

November 24, 1993

ASSISTANT SECRETARY

MEMORANDUM FOR MARY JO BANE
DAVID T. ELLWOOD
BRUCE REED
WORKING GROUP CO-CHAIRS

FROM: Alicia H. Munnell *AHM*
Assistant Secretary
for Economic Policy

SUBJECT: Proposal Needs to Stress Jobs

The draft proposal reflects a lot of hard work and serious thinking. Much of the detailed discussion is quite sound, but it needs to be cast in a context that stresses jobs. The message throughout should be that the nation is shifting from a social policy based on the dole to one based on work.

Participants at our November 20 meeting agreed that the proposal should begin with a discussion of the linkages between welfare reform and a broader policy context. I strongly believe this discussion should stress the Administration's fundamental objectives of stimulating economic growth and expanding employment opportunities, with specific reference to economic development initiatives, worker displacement, and defense conversion. In this context, welfare reform is about providing opportunities and incentives for people to assume productive roles in the nation's economy.

With this economic policy context clearly articulated, the sections should be reordered. Discussions of specifics should start with "Make Work Pay" followed by "Promote Self-Sufficiency" and "Time-Limit Assistance and Follow with Work." At the beginning of each section linkages between each proposal and jobs should be noted; for example, the goal of reinventing government involves transforming welfare offices from unemployment offices to re-employment offices -- from getting checks to getting jobs. The prevention discussion should give even greater emphasis to the adverse impact of teen pregnancy on education and subsequently job success. Finally, each section should indicate how services for the welfare population are to be better integrated with programs serving broader populations, such as dislocated workers or the handicapped.

Beyond these broad comments, I have a few specific suggestions:

- o Any mechanism for the advance payment of child support should be self financing. With such schemes, allowable time periods for recovery of outlays to compensate for shortfalls in payments from non-custodial parents should be expanded to accommodate 10 to 20 year earning patterns. This is a good area for state demonstration programs.

- o Saving incentives for welfare recipients does not seem like a good idea. However, asset limits generally associated with means-tested programs might be liberalized to enable recipients to accumulate the money needed, for example, to buy a car to commute to a job site.

~~CONFIDENTIAL~~

Interagency Council on the Homeless

M E M O R A N D U M

TO: Mary Jo Bane
David Ellwood
Bruce Reed

FROM: Marsha A. Martin, D.S.W. 
Executive Director

SUBJECT: Draft Welfare Reform Options Paper - Comments

DATE: November 24, 1993

Thank you for the opportunity to comment on the options paper. The Interagency Council on the Homeless is keenly aware of the need to reform the current welfare system in order to begin to address the needs of homeless persons especially those in families. I am particularly concerned because research findings indicate that the majority of homeless families entering emergency shelters are already receiving some form of public assistance. Homeless parents and children often dependent on welfare in order to move out of homeless, but for various reasons, have found it difficult to meet their basic living requirements. And, as was learned from the testimony during the Welfare Reform Working Group's public hearings, many welfare recipients who are currently housed have been in and out of homelessness.

Based on my review of the Options Paper and the very lively discussion of Saturday past, I recommend the following changes be made to the draft.

Table of Contents and Highlights. Reorder and edit these sections. The current tone is very punitive. The phrase "traditional values" is particularly Republican. Why not use the vision statement here so that it reads "American principles of common opportunity and mutual obligation"? Start the sections in the following order: 1) Reinvent Government Assistance; 2) Promote Self-Sufficiency; 3) Enforce Child Support; 4) Make Work Pay; and, 5) Prevent Dependency. Time-limited assistance should be one of the major components of the first section.

Introduction. Change the introduction from a "us versus them" focus. I believe this document could clearly state that we intend to "end welfare as we know it" by reinforcing the American Dream of economic opportunity and "hope" for all citizens. The

ability to work and achieve success for ourselves and to assure an even more promising future for our children. This theme, a safety net for all families, should be continued throughout the paper.

Add a brief historical update about poverty in America. Indicate that this situation has evolved over time and that it will take time to correct the problems. Be sure to add a paragraph about the working poor who are struggling to make ends meet. Then describe the major factors which predispose people to long-term dependence on the welfare system, i.e., no high school diploma, teen pregnancy, poor health, limited job skills, no child care and the like. This section will be essential to presenting the major features or "highlights" of the new system.

A Discredited System. - This section should talk about the needs of the client based upon what we know about the characteristics of the recipients. Explain what has gone wrong with our current welfare system. Then indicate that this is a complex problem which cannot be solved by only one agency or the Federal government alone.

A New Vision. - Begin, as previously suggested, with reinventing government assistance and follow the sequence which I recommended for the table of contents. I strongly urge that the document highlight major Clinton Administration initiatives such as health care reform, the national service program, displaced worker services, community development, etc. These services, integrated with a redesigned AFDC program, will provide the stepping stones out of dependency.

General Concerns.

- o Establishing a universal paternity process, for out-of-wedlock births only, should be reviewed by legal counsel. There are a number of disturbing issues which relate to this approach: 1) Many people will probably view it as a national illegitimacy registry which will officially brand children as "bastards" for life. 2) Does the marital status of the mother limit her right to privacy? 3) How will this approach assure due process for the man alleged to be the father? 4) If a mother is not seeking AFDC and chooses not to provide the required information, how will she and the State be penalized? 4) How does this affect State autonomy as it relates to the administration of birth certificates.
- o The two-year time limit should be based on client assessments developed from the beginning of their participation in the program. And time extensions should be granted based on these assessments.

- o Educational training should also include opportunities to go to college, during the two year period, using the standard programs that are available to all citizens. Very few of our clients will use this option but the benefits, from our case examples, far out weigh the investment. We break the family's dependency on welfare.

- o State should not have the flexibility to determine the benefits and penalties. A major problem with the current welfare system is the disparity across states which encourages client relocation and fragmentation of service delivery. State flexibility should be defined by their public/private partnerships, community investment, and demonstration projects.

Demonstration projects. Include a discussion of ways to: increase the availability of quality child care, provide on-the-job mentors, establish parent support groups, and design programs for high-risk adolescents.

Change Name. Consideration should be given to marketing the new package of assistance and incentives under a new name.

Child Support Assurance. I strongly support the suggestion of a minimum child support grant to non-AFDC households where a child support payment is due but has been unsuccessfully collected by the state.



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

NOV 24 1993

TO: Bruce Reed
Deputy Assistant to the President for
Domestic Policy

David Ellwood
Assistant Secretary for
Planning and Evaluation, DHHS

Mary Jo Bane
Assistant Secretary for
Children and Families, DHHS

FROM: Ellen Haas 
Assistant Secretary for
Food and Consumer Services

SUBJECT: Comments on Welfare Reform Draft Options Paper.

Thank you for the opportunity to comment on the Welfare Reform Working Group's draft options paper. The paper covers the full range of welfare reform issues and provides an appropriate range of options for the President's consideration.

The highlights note that the welfare reform plan will be deficit neutral, with gradual phase-in, fully funded by offsets and savings. Early attention must be given to where offsets and savings will be sought. The effects of these will be crucial in gaining support for the plan.

I strongly support the Working Group's view of the Food Stamp Program as the ultimate safety net for low income individuals and families. Food Stamps provide nutrition services for over 27 million Americans each month. The program ensures that all Americans have access to the food they need to meet their daily nutritional needs. The plan as written assures that the program will continue to play this important role while taking steps to increase access to eligible families and by supporting efforts to move toward EBT as our primary means of benefit delivery.

I share your commitment to simplifying the relationship of the Food Stamp Program and AFDC. I believe that movement toward adopting many of the food stamp rules for the AFDC program is a step in the right direction. However, we must move carefully in this area to ensure that we do not inadvertently hurt families in our effort to simplify program rules. My staff will work closely with yours to analyze and model the changes under consideration to assure that we fully understand their consequences, including the implications for increased food stamp costs.

In particular, one item suggested for simplification on page 19 that requires some careful consideration is to count housing assistance for food stamps. This proposal revisits the issue of the choice between shelter and food. In the Leland bill we uncapped the excess shelter expense deduction and provided additional food assistance to households facing high shelter costs. It seems contradictory to suggest now that food assistance should be decreased because of housing assistance.

Also within the simplification option on page 19 is the description of using a common set of definitions for food stamps and cash assistance, and allowing States to set the benefit levels. This needs to be clarified that the State flexibility would occur in the AFDC benefit, while food stamps will remain a national program with uniform guidelines.

I believe that we need to place more emphasis on asset development and accumulation. As you know, the Administration's Leland Bill included a provision which would have allowed food stamp recipients to accumulate up to \$10,000 in assets for future schooling, home buying, change in residence, or making major home repairs. The Bill as enacted gave us authority to proceed with demonstrations in this area. I recommend that we again seek broad authority in this area for both AFDC and food stamps. We would also like to collaborate with you as we implement these demonstrations so that we may extend asset accumulation to both AFDC and food stamp participants.

It is very important to maintain a strong focus on the prevention of welfare dependency. The plan should continue to include efforts to prevent teen pregnancy and to support the efforts of young people to obtain a sound education.

While it is important to strengthen the child support system, I am concerned about the proposal to condition receipt of means-tested benefits on cooperation with the system. Many means-tested programs such as food stamps and WIC provide an essential

service to families. Requiring that mothers provide information to help establish paternity or that absent parents pay their child support as a condition of benefit receipt erodes the effectiveness of food assistance programs as the ultimate safety net. Past attempts to require cooperation with the child support enforcement agency by non-AFDC mothers in the Food Stamp Program have been defeated in Congress. I believe that there are other ways to accomplish these objectives without resorting to these approaches.

I support expanded use of the Advance Payment of EITC, and, as you are well aware, utilization of EBT technology, especially for the Food Stamp Program. On page 12 the draft options paper lists joint administration of food stamps and EITC using State food stamp administration. It should be clarified that this does not include merging the two programs because considerations earlier this month revealed a number of operational flaws that would make merging the programs extremely difficult.

Finally, I believe that we should move cautiously with regard to time-limiting receipt of AFDC. We all share the goal of helping families move off of welfare into private sector jobs and out of poverty. I agree that we need to dramatically reorient welfare toward a work support program with the accompanying education, training, and child care services. The increased EITC and the President's health care reform proposal, together with food stamps, will help ensure that parents who take a minimum wage job can move their families out of poverty. However, I am concerned about AFDC recipients who are not successful in obtaining employment before the time limit expires. While they will have food stamps as a safety net, they may lack resources for shelter and other basic human needs. I suggest that while the plan provide a provision for time-limiting AFDC that it also include a safety net below which supports will not fall. The discussion on the top of page 27 provides for such a safety net. You may want to consider providing these benefits in the form of a voucher rather than as cash as a way of distinguishing them from AFDC. I also suggest that we work with States to carefully test and evaluate several different approaches to time-limiting AFDC benefits in order to find out which works best.

I look forward to seeing a revised draft of the paper and to working with you to bring food stamps and AFDC rules into greater alignment.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE UNDER SECRETARY

THE UNDER SECRETARY

To: Mary Jo Bane
David Ellwood
Bruce Reed

From: Madeleine Kunin
Mike Smith
Norma Cantu
Gussie Kappner

Re: Comments on Draft Welfare Reform Plan

Date: November 23, 1993

Below are our comments on the draft welfare reform plan. In addition to some general comments about tone and strategy, we have provided some very specific comments about two areas: (1) prevention and (2) education and training. In the prevention section, we feel that several of the specific options should be reframed or clarified and that a new option -- parenting training for teen aged mothers -- should be added. As for the training and education section, we feel that as currently written, it does not adequately reflect the importance of education and training in welfare reform and does not set out a coherent strategy for ensuring access to high quality education and training. Thus, we have provided a discussion of an education and training strategy.

1. General Themes

Thematically, we believe the plan does not focus enough on promoting dignity and assuring the opportunity for AFDC recipients and providers to avoid the harsh consequences built into the plan. More emphasis on the importance of a strong case management system that works with people to diagnose and avoid problems, on child care as a practical necessity for education, training and work, and on both short-term, and, where appropriate, long-term investments in education and training would bring these themes into balance. The themes of dignity and opportunity are present in the plan, but are not always principles around which options are organized.

It is also important to recognize that people cycle in and out of the AFDC system and thus the

plan concerns the working poor as well as AFDC recipients. Thus, while welfare reform can not be the solution to all the problems of the poor, it can be placed in the context of the Administration's agenda to reduce poverty and promote self-sufficiency. We must articulate this plan as part of a broad anti-poverty, job creation strategy if it is to have the programmatic and political impact it should.

A number of Department of Education initiatives could be included in a description of the Administration's education, training and jobs agenda.

- o In GOALS 2000: Educate America Act, the Administration proposes a new emphasis on high-standards for all children that will help to end the low-skills education that too often leads to welfare dependency. One component of this bill, the establishment of an occupational skills standards board, will set standards for employment-oriented education and training.
- o The School-to-Work legislation, to be jointly administered by the Departments of Education and Labor, will support partnerships of employers and educators to build a high-quality, School-to-Work system that prepares young people for careers in high-skill, high-wage jobs.
- o The reauthorization of the Elementary and Secondary Education Act will improve education for all disadvantaged children. The Administration's proposal would demand higher standards in core subjects for all children, focus on improved teaching and learning, target more resources to where they are needed, and encourage community linkages and participation of parents in their children's education.
- o The Administration is providing more access for qualified students to post-secondary education by providing National Service for students to solve community problems and repay part of their loans. Also, through the reform of the student aid program, the Administration has reduced the cost of student aid - - making it easier and cheaper for students to borrow. Income contingent loans will make it easier for people with low wage jobs to repay their loans.

All of these programs will have a direct impact on the lives of many present and future adults on welfare and their children.

2. Federal - State Relationship

The plan should enunciate a vision of federal-state relations: where will states have more flexibility than they do now; where would states have more financial burden than they do now; how would states be held accountable; and what is the role of state innovation?

3. Phase-in and Scope of changes (Initial and long-term)

The plan should spell out how these proposals might be phased in -- and the capacity (or lack of capacity) of states to do so. It also should clarify the role of the various demonstrations that are proposed. Is there a demonstration strategy that envisions learning from demonstrations to create a continually improving system?

4. Section on Promoting Parental Responsibility and Preventing Teen Pregnancy

While the theme of prevention is important, the prevention section of the plan is extremely "thin." The options are a laundry list that lack a unifying strategy. While most are laudable, there is no vision of how most of them fit with welfare reform or how they might be funded or expanded beyond a demonstration phase.

Also, the current discussion of prevention of teen pregnancy is could be made more positive. It could be reframed, as the Surgeon General suggested, to state that everyone deserves an opportunity for success; if teens have kids, they are unlikely to stay in school; and, if they do not have an education they are unlikely to be successful. Moreover, in discussing prevention and other values, it is important to make clear that they apply to all, not just to AFDC recipients.

As currently written, the prevention section of the plan does not explicitly promote the two parent family. We do not believe that it necessarily should, unless it does so in the context of how the plan is removing disincentives for creation and maintenance of two parent families (such as requiring states to provide benefits to two parent families). Otherwise, it will appear merely to condemn single parents.

Specific Comments on Prevention Options

Page 7 -- Option to conduct demonstrations to hold schools accountable for tracking at risk youth and drop-outs...

This option should be reframed. First, the term "tracking" has negative connotations. Second, schools cannot reasonably be expected to track out-of-school youth -- that responsibility could only be placed on school districts. (We would be happy to work with your staff to develop this option further.)

Page 7 -- Option to require that minor mothers live in their parents' household...

While we agree that this option should be permitted, we believe that it is critical that the description make clear that support for this option is based on the belief that it is necessary to ensure adult supervision and support for young mothers rather than on the belief that a significant number of teens have babies to get a welfare check. Without this explanation, the option could be construed as overly punitive.

Page 8 -- Option to support demonstrations that make a portion of AFDC benefits conditioned on proactive efforts of all adolescents and adults in the household to promote their self-sufficiency.

While we would support an option to promote a range of such demonstrations, we believe that particular types of incentive/punishment programs should not be permitted within this option and that others should be permitted only with certain caveats.

The example given under the option (that "all dependent children would be required to attend and finish high school or the families benefit level will be reduced") describes the Wisconsin Learnfare program. As you know, the evaluation of Learnfare shows no positive results. Moreover, we have serious reservations about Learnfare or any other program that would penalize families based on the school attendance of the children. Unfortunately, parents (even in affluent families) are not always able to control the school attendance of older children. Penalizing an entire family for the truancy of a high school student is unreasonable and unfair. (We would have fewer objections if the requirements applied only to younger children.) Also, while there is not data on the issue, some have speculated that child abuse might be an unforeseen result of programs that condition parental receipt of benefits on children's behavior.

We do recommend promoting demonstrations such as Ohio's LEAP program, so long as they apply only to the welfare recipient and include appropriate support services.

Page 8 -- Add option to make parenting education and training required for all teen parents.

Many teens become parents too young, with few parenting skills and with little personal experience in a functioning family. Also, many teens who become parents are themselves the children of parents who became pregnant while in their teens and lacked parenting skills. Parenting training -- funded by JOBS when other providers are not available -- can be a key ingredient in improving the lives of the children of these teen mothers and to help break the intergenerational cycle of welfare dependency. Parenting skills could be taught in a variety of settings, including high schools. One model is Even Start, which combines parenting skills with high quality day care and adult education and training.

5. Section on Child Care

Page 9 - 10 These introductory paragraphs should include a discussion on the importance of ensuring the quality of child care.

Child care is not only the key to making work pay; it is also the key to making long-term

education and training possible. These paragraphs should also highlight the necessity of providing child care to parents so that they can get the skills to get off welfare. (this point could also be made in the "Promoting Self-Sufficiency" section.)

6. Section on Promoting Self-Sufficiency

This section, particularly the subsection on improving access to mainstream education, training and self-employment opportunities, is the weakest section of the document. We would like to work with you to develop a coherent strategy for education and training of AFDC recipients. In this memorandum, we have developed a preliminary description of the issues and options that could be included in the plan.

We believe that there are several points that must be considered in developing and articulating an education and training strategy. These issues need not be included in the plan, but are given for your background:

o Diversity of Population and Needs

People on AFDC have very different levels of education and skills and may succeed in very different types of programs -- classroom learning, on-the-job training, education after a period of work, etc.... Moreover, in different job markets, different credentials and skill levels are necessary for entering the labor force. Any education and training strategy must take into account this diversity.

o Investments in Education and Training can Pay Off

Investments in long-term education and training programs, such as a two or four year post-secondary degree program, can pay off in long-term self-sufficiency. While the evaluations of relatively short-term education and training programs are not encouraging, we know that if we are willing to invest in longer programs we can get results.

A recent study shows that average monthly earnings for those with a bachelor's degree were twice those of persons with only a high school diploma, and four times higher than those who had not graduated from high school in 1990. Another recent study shows that women with two year community college degrees earn between \$4000 and \$5000 more a year than women with only a high school diploma. Generally, persons with more education receive higher wages and also are more likely to be steadily employed.

Further, poorly educated parents are less able to encourage development of advanced literacy skills in their children. The average reading proficiency of 13 year old students whose parents have completed some college is similar to the average reading proficiency of 17 year old students whose parents never graduated from high school.

o State of Current Mainstream Education and Training "System"

We agree with the general vision that welfare reform should not develop new education and training programs for AFDC recipients, but, rather, integrate them into the mainstream "system." However, the existing "system" is fragmented and of mixed quality. Department of Education, Department of Labor and other education and training programs are funded by a variety of mechanisms; the programs are provided by a confusing variety of state and local agencies and providers; and the programs have different philosophies and strategies. Evidence shows that high levels of coordination between JOBS and education and training providers can lead to effective outcomes. Therefore, greater emphasis needs to be placed on coordinating the programs that serve the this population.

The Departments of Education and Labor are working together on these issues. The School-to-Work proposal, one-stop-shopping strategy and more coherent set of strategies for worker training programs are all underway. We will need to work toward integration of these strategies with welfare reform.

o Availability of Resources for Education and Training

Current education and training vendor programs funded by the Department of Education under the Adult Education Act and Perkins Act are small relative to the growing population needs. However, significant resources for post-secondary education and training are currently available to this population through the Department of Education Pell Grant and Stafford Loan programs. (Approximately 403,000 AFDC recipients -- about 8% to 10% of adults on welfare -- receive federal student aid.) Currently, an AFDC recipient is eligible each year for \$2300 in Pell Grants, and, depending on their year in school and the costs of the school they attend, between \$2625 and \$5500 in subsidized loans (and up to the cost of tuition and support in unsubsidized loans) that can be used to pay for tuition, books and a portion of shelter and transportation costs.

Low-income people, including AFDC recipients, often are not aware of the availability of student financial aid. And those who do receive aid often use it to pay for high-cost, low quality programs: this population has a very high default rates and a very high percentage enroll in high cost proprietary schools. Income contingent loans, being phased in under the student loan reforms, will be an important resource to low-income people that will allow them to borrow without threat of default.

We suggest that the section on promoting self-sufficiency include the following language (which could replace the current text).

PROPOSED INSERT:

People on AFDC have very different levels of education and skills and may succeed in very different types of programs -- job search, classroom learning, on-the-job training, or education after a period of work. Moreover, in different job markets, different credentials and skill levels are necessary for entering the labor force.

The mission of the JOBS program will not be to create a separate education and training system for welfare recipients, but rather to ensure that they have access to and information about the broad array of existing programs in the mainstream system and counseling and support in selecting the education and training program that is most likely to enable them to achieve their employment goals.

Currently, AFDC recipients often lack access to and information about education and training opportunities. As a result, too many who do participate in education and training enroll in low-quality, high-cost programs. Moreover, the education and training opportunities available to AFDC recipients are a confusing set of different programs, run by a variety of agencies, funded in a several different ways, with highly varying quality and performance, with different philosophies and goals, and often with little connection to the welfare system.

Also, while the plan focuses on assisting recipients to find employment, many welfare recipients who leave the welfare rolls to take low paying jobs, return to welfare again because they lack the skills and credentials and support services such as child care, health care, and transportation, to stay in the workforce. To prevent returns to welfare, it is necessary to develop strategies for life-long learning so that people in the workforce can continually develop their skills and, where appropriate, to invest in long-term education and training of welfare recipients.

Options to reach these goals include:

o Increase case management

Ensuring that AFDC recipients have access to and information about education and training opportunities requires significantly increased funding of case management in JOBS so that case managers can effectively advise clients about the quality and effectiveness of available education and training options and serve as a link between the welfare, work and education/training systems (e.g., case workers receive training about education and training programs and availability of financial aid, caseworkers share individual employability plans with education providers, AFDC and education providers share or use joint assessment tools, case worker assists education provider in attendance monitoring, etc....)

o Develop coordinated education and training strategy

The Department of Education, the Department of Labor and other agencies are already working to develop a proposal to improve the quality of the current education and training system by coordinating funding mechanisms and opportunities for postsecondary

training (which would include AFDC recipients) and promoting a performance-based system oriented to employment outcomes. In addition, options for coordination through JOBS include:

- o require that all JOBS contracts with education and training providers be performance-based and tied to education and employment outcomes.
 - o create a training and education waiver board with authority to waive key eligibility rules and procedures for demonstrations of more coordinated education and training systems
 - o permit states to integrate other employment and training programs (e.g., food stamp program) into the JOBS program and to implement one-stop shopping education and training models
 - o coordination with one-stop-shopping initiative
 - o support use of technology in education and training programs for adult learners
- o Support Investments in Education and Life-Long Learning

Reforms are underway in other areas to support continued access to education and training. First, the Student Loan Reform Act of 1993 will offer income contingent loans, which will have the effect of making loans more accessible and reducing the very high rate of loan defaults in the population. Second, the Department of Education is working toward guaranteeing a package of predictable student financial aid -- this will let students know early on that there will be a specified, substantial amount of federal resources available for postsecondary education and training. The package will be available to nontraditional students who have already entered the workforce or are on AFDC. Options in welfare reform might include:

- o Extension of the two-year time limit for those enrolled at least half-time in a GED or high school degree program and making adequate progress toward degree. Extension would be available even if program was begun towards the end of the two year period so long as recipient had been doing something else that was "useful" [job search, ESL, etc...] prior to that.
- o Extension of the two year time limit (with state option for number of years of extension) for those enrolled at least half time in a post-secondary degree program and making adequate progress toward degree. Extension would be available even if program was begun towards the end of the two year period so long as recipient had been doing something else that was "useful" [e.g., getting GED, ESL, etc...] prior to that. Might require, at

state option, that the program include a paid work component (work study, on the job experience, etc...). Also, might permit state option to partially reduce welfare benefits to the extent recipient can receive living expenses through Pell or income contingent loans.

- o Allow, at state option, a percentage of benefits to be distributed as credits or vouchers that can be used after recipient has left AFDC.

7. Immigration Issues

The plan could clarify that the entitlements for aliens in welfare reform should be the same as they are in the health care reform proposal. That is, welfare should be available for all aliens who are legally on their way to citizenship (refugees and permanent resident aliens). The Republican plan that would limit entitlements establishes and perpetuates a subclass of people who are children, aged, blind, disabled and least able to care for themselves. Moreover, it unfairly shifts the costs of welfare from the federal government to the States. Most of the states have mandates to cover permanent resident aliens under entitlements. Having no control over the number of legal permanent residents or refugees in this country, much less the number of illegal aliens, the States should not be penalized by having the Federal government withdraw its support for the legalized and refugee population.

Please feel free to call any of us or Judy Wurtzel (401-3281) with questions.



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-6000

OFFICE OF THE ASSISTANT SECRETARY
FOR POLICY DEVELOPMENT AND RESEARCH

FAX TRANSMITTAL COVER

TO: Ann McCormack

DATE: 11/24/1993

OFFICE: HHS/ASPE

TEL.:

FAX: 690-6562

PAGES FOLLOWING: 7

FROM: Jill Khadduri

OFFICE: Office of Policy Development and Research/International
HUD Building, Room 8118

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SUBJECT/MESSAGE:

Here are Mike Stegman's comments.

11/24/93

HUD COMMENTS ON DRAFT WELFARE REFORM PROPOSAL

GENERAL COMMENTS

- Phase-in of the new system needs to be described: What will be a demonstration in specific locations? How will demonstration sites be determined? What will phase in everywhere and over what time period?
- Various forms of employment need to be better defined and distinguished, especially in view of blurring of former distinctions between community service and public service jobs.

Some of this came out in discussion but is not in the written proposal -- e.g., community service jobs do not get EITC, community service jobs are work for pay at minimum wage (with some permission for state supplement?).

But who creates the community service jobs: which Federal agency? which state or local agency? How are they linked to community needs and planning processes? How are they funded? Who determines time limits on them? Will these jobs all be in the public sector or will some of them be subsidized jobs in non-profit service organizations or community-based non-profits? When is such a job a community service job and when is it a private sector job with earnings eligible for EITC?

How will community service jobs be supervised to ensure that this is not only work for pay but also real work experience? How will performance of workers other than showing up be measured? Can workers be fired from these jobs and what happens to them then: safety net programs? alternative community service jobs?

How are workers in community service jobs linked to continuing job search assistance for private sector jobs? To other services? What else will be available besides child care?

Is there a role for unpaid, voluntary work -- for example, for people with particular types of exemptions from time limits? What kind of quality control applies to this work?

- Job search assistance appears central to the success of the reformed system. Administrative mechanisms and funding sources need further specificity. There is a potential link here to jobs created by HUD funding, including jobs created by rehabilitation of public housing projects (of particular relevance for non-custodial

fathers) and also jobs created by cities using Community Development Block Grant funds.

- Under what circumstances will work not only pay compared with welfare but also lift a family out of poverty? Will this goal be reached by those with community service jobs and no EITC? By those working part-time, receiving some welfare, and studying?
- The minimum safety net available to former AFDC recipients who lose welfare benefits and do not work needs further definition. What is the level? What programs provide it? Is it a national standard or does it vary with current AFDC levels by state?
- Are benefit levels available to current AFDC recipients unchanged from the current system? No attempt to increase benefits in very low benefit states or provide incentives for doing so?
- None of the approaches suggested for preventing teen pregnancy has a track record of working as yet, so a number of things should be tried simultaneously. It appears that programs need to hit the target audience early: middle school is probably too late to start school-based intervention and teens too late to start education for family planning.

COMMENTS RELATED TO HOUSING ASSISTANCE

- HUD is committed to improving work incentives within HUD programs and will propose a rent reform package consistent with welfare reform. We have the basic outlines of such a proposal, but it will have to be modified as details of welfare reform are elaborated.

In particular, whether to change HUD-related work incentives on a national basis or on a demonstration basis relating to welfare reform depends on demonstration/phase in decisions on welfare reform.

As an example of a design issue, should earnings from a private sector job be treated differently from earnings from community service employment?

HUD's proposal would be closely linked to determinations by welfare offices and the SSI system for which families are exempt from work expectations in order to avoid unfunded administrative burdens on public housing agencies and private owners of assisted housing, such as appeals hearings.

- HUD's welfare reform proposals could include making teen mothers ineligible for housing assistance in separate housing units (with exceptions for situations of abuse). They could also include not permitting a higher subsidy or larger apartment for subsequent additions to the family in certain cases. As is the case for policies affecting AFDC, such policies would be extremely controversial and would need to be designed and explained carefully. For example, they could be at odds with current policies that prohibit overcrowding of assisted housing units.
- There are technical problems with counting housing assistance as income for Food Stamps benefit calculation. The housing benefit level is easy to determine for tenant-based certificates and vouchers, but not for public housing or privately owned assisted housing projects. There are ways of making estimates, but they may be difficult to operationalize in program administration. What is Agriculture's view? Overestimates of the housing benefit may leave families with housing but no way to buy food.
- The provision that housing assistance does not increase to make up for loss of income for those who reach two-year time limit and do not work is sensible in concept (and protects HUD against outlay increases), but may need further definition for different subgroups of the non-working population to avoid triggering homelessness and to maintain a minimum safety net for all groups. Such a provision may increase non-payment of rent and evictions from public and assisted housing units and could affect willingness of landlords to rent to families with tenant-based certificates and vouchers.
- Program simplification using Food Stamps as the base may be difficult unless the filing unit for Food Stamps is changed. Those who prepare food together are often not those who qualify as members of the household eligible for housing assistance.
- When the minimum safety net is defined, the fact that housing assistance is not an entitlement needs to be taken into consideration. Calculations that assume receipt of housing assistance may provide a false picture. Also, the more housing assistance is redefined to make work pay, the less it will be available for those with the greatest array of personal problems and the least ability to work.
- Should housing assistance be denied to those who do not cooperate with child support obligations? How will public housing agencies and private owners of assisted housing know?

- HUD welcomes the proposal to expand the JOBS program and is working on ideas for further integrating JOBS and the Department's Family Self-Sufficiency program -- for example, to avoid multiple case-managers, to unify the terms of the family's "contract." Depending on the timing and scale of the phase-in of welfare reform, Family Self-Sufficiency might be expanded or it might no longer be needed as an independent program.

CORPORATION FOR
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MEMORANDUM
November 24, 1993

TO: Bruce Reed, Mary Jo Bane and David Ellwood
Co-Chairs, Working Group on Welfare Reform

FR: Eli J. Segal, Chief Executive Officer *Eli*

RE: Representation of the Corporation on the Working Group on
Welfare Reform

I am writing to inform you that I have asked Michael Camuñez to replace me as the Corporation's official representative on the Working Group on Welfare Reform, Family Support and Independence. I ask that you direct any official correspondence, notices of meetings and requests to his attention, and that you involve him in the discussions and meetings of the working group as a principal member. Michael is the Senior Policy Advisor for the Corporation, and he brings a wealth of expertise about national service from his experience managing the successful National Service Demonstration Program under the former Commission on National Service. He also has substantive and personal knowledge of welfare issues, which he will bring to the task of integrating national service into the efforts of the working group.

As you know the President only recently signed the National and Community Service Act establishing the Corporation. We are committed to ensuring that national service plays a vital role in "getting things done" in America, and we seek to make national service an integral part of the Administration's overall domestic strategy. While the legislative process and start-up of the Corporation have prevented us from being involved with the working group to date, we are fully committed to participate and contribute to the initiative henceforth.

To this end, attached please find a memorandum detailing our initial reaction to the draft proposal and recommendations on how national service and the Corporation might be incorporated more fully into the Administration's welfare reform initiative. Please direct any questions or comments to Michael. Thanks for your cooperation on this matter.

CORPORATION FOR
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AND
COMMUNITY
SERVICE

MEMORANDUM
November 24, 1994

TO: Bruce Reed, Mary Jo Bane, and David Ellwood
Co-Chairs, Working Group on Welfare Reform

FR: Eli Segal, Chief Executive Officer
Michael Camuñez, Senior Policy Advisor

RE: Opportunities for National Service in the President's
Welfare Reform Initiative

We are very enthusiastic about the opportunity to integrate national service into the Administration's efforts to "end welfare as we know it" through a comprehensive reform initiative. Our review of the draft proposal outline and our participation at the recent meeting of the working group tentatively suggest at least three broad recommendations by which this integration might be accomplished. The first two recommendations emphasize using national service as a means of providing assistance to welfare recipients (or their dependents) to prevent or reduce dependency, while the last recommendation outlines the potential relationship between national service and the work provisions of the time-limited assistance proposal. These recommendations are preliminary "sketches," and so we welcome the opportunity to work with you to provide more detail as you begin to draft specific policy recommendations and legislative language.

1) Integrate national service more explicitly into the strategy for prevention.

A central thrust of the current proposal is to "prevent the onset and perpetuation of dependency" by "promoting parental responsibility and preventing teen pregnancy." While the Corporation is pleased to be included as a potential partner in one of the recommended options to "promote programs of adults volunteering with disadvantaged children," we believe that National service can also play a role in other prevention initiatives, particularly those targeted at preventing teen pregnancy.

For example, national service programs can work with or establish school- and community-based youth outreach programs that promote responsible sexual behavior, particularly on the part of adolescent and pre-

adolescent youth, including sex education and peer counseling efforts designed to prevent teen pregnancy. We also recommend that special consideration be given to providing support and flexibility for State or community-based demonstrations for national service programs targeted at intervention for specific population groups. For example, an innovative national service program might target middle school youth or adolescent children in AFDC households who may be most at-risk of premature sexual activity and pregnancy. While an explicit objective for the program might be to prevent teen pregnancy, it might also be comprehensively designed and delivered to meet the multiple needs of at-risk children, including providing positive opportunities (including community service opportunities), that, in the words of the proposal, "foster responsible behavior and prepare youth for the opportunities awaiting them."

While the most innovative ideas for programs will likely emerge from the field, we recommend that the reform package explicitly encourage and promote such demonstrations as viable components of the prevention strategy.

2) Integrate national service more explicitly into the strategy to promote self-sufficiency through job readiness and child care.

The Corporation believes that National service can play an important role in providing educational and other supportive services to welfare recipients aimed at promoting enhanced self-sufficiency and job readiness. Our early thinking suggests at least two distinct possibilities for collaboration: First, national service programs can work with welfare recipients in and out of the JOBS program to provide supplementary assistance including literacy training, GED preparation, and job skills development. These activities would be designed to enhance the preparedness of welfare recipients to take advantage of the specialized job training or placement assistance provided through existing Family Support or JOBS programs.

Second, the Corporation believes that national service programs can effectively respond to the Administration's efforts to "make work pay," by providing needed child care for families, including the working poor and welfare-dependent families. For example, the Corporation anticipates establishing national priorities which may include, among others, a priority for programs that further early childhood development and promote school readiness and success. Because this priority could easily be addressed in the context of providing needed child care, particularly for at-risk children, we envision extensive opportunities for collaboration, in particular with those

programs that might be eligible for assistance under title IV-A, Social Services, and Child Care and Development Block Grants.

We believe that through innovative programming, including special demonstrations with Head Start, family literacy and parental education programs, national service can be an effective strategy to expand not just the overall supply of child care providers, but to improve the quality through the provision of comprehensive services for children. We therefore recommend that national service be more fully integrated into the proposal's call for expanded, consolidated funding for child care.

3) Use national service as an opportunity for welfare recipients to serve their community in a positive, productive manner.

We believe that national service can greatly benefit from the involvement of Americans from all backgrounds, including those on welfare. Moreover, we know that there is an abundance of critical community needs that can be addressed by such participants through high quality service placements. Thus, we are generally supportive of the idea of making community service placements available to welfare recipients as a means of transition to independence and gainful employment.

We are concerned, however, that the discussion surrounding mandatory community service for welfare recipients may result in the Administration sending an inconsistent message about the value and role of national service in society. To date, the President, through the National and Community Service Trust Act and the establishment of the Corporation, has put forth a call to *voluntary* service that is fundamentally articulated in the positive terms of opportunity, responsibility, and community. Service to community and nation is upheld as a privilege and responsibility of citizenship, as well as an act of idealism and hope that characterizes the values the Administration seeks to reclaim. This is markedly different from the punitive message associated with compensatory service in the courts, or now, potentially, with mandatory service for welfare benefits.

The Corporation believes that if the mandatory service requirement is adopted, the language used should clearly attempt to characterize the service in a positive manner, not simply for the benefit of a consistent message, but because of what the message will actually represent in communities throughout America. We believe that welfare recipients are and can be active, productive citizens. And as such, they are resources--not problems--for communities. Mandated community service programs should therefore operate on that premise.

The distinction is more than cosmetic; it goes to the very essence of reinventing government. We believe it will directly affect the quality of the service placements, the attitudes and esteem of the participants and the reception that these participants will receive in the community-based or public organizations in which they work. This last point is particularly relevant to the Corporation as it develops a national recruitment and outreach strategy for diverse Americans. It is central to our success as an agency that Americans not view national and community service as punitive. Thus, we strongly encourage you to take this consideration seriously as it relates not simply to our own agenda, but to the actual quality of service to be provided throughout the country. We are eager and willing to work with you on this aspect of the proposal.

Our concern about the mandatory service requirement relates not only to the mixed message it might send about service, but to the overall quality of the service placements as well. In fact, we are troubled by the absence of any reference to quality or content issues in the draft proposal. Especially to the extent that tax payer money will go to support such placements, we believe that the lessons of the CETA program should not be lost on this Administration.

Our concern, specifically, is that placements that reinforce the skepticism engendered by CETA about "make work" could be highly detrimental not solely to the welfare reform effort, but to general support for the President's national service program as well. We believe that national and community service must be viewed by the public not only as something that is open to everyone, but as a valuable, cost-effective way of "getting things done" in areas of need in our communities. Thus, we recommend that any position that is designated a national or community service placement conform to minimum quality standards consistent with those established by the Corporation. In general, service activities should provide a direct, demonstrable benefit to the community in an area of need, and it must not displace existing work or volunteer efforts. In addition, the placement should be appropriate to the skill or ability of the individual, and participants should receive appropriate training and support necessary to carry out their assignments. The Corporation is in the process of finalizing the quality criteria and program requirements for the national service programs it will support, and as these are completed we will be happy to work with you to incorporate them into the proposal, if appropriate.

Notwithstanding these concerns, we are enthusiastic about the potential for--and we hereby recommend the incorporation of--national

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real jobs

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service demonstration projects that enroll welfare participants for specific purposes, including collaborative efforts through HHS and State or local welfare agencies as part of this initiative. We have some preliminary ideas for what these demonstrations might consist of, including:

*Placements in underserved community health clinics

*Administration of innovative child care facilities and programs (including enrolling AFDC mothers as attendants providing care for the children of other payees enrolled in job training or education programs)

*Family Support Services

*Teachers' Assistants

*Friendly Visitors, Elderly Shut-in Services, Meals-on-Wheels, etc.

An inherent tension in the process will be that not all placements will necessarily provide opportunities to acquire marketable training or skills, and thus they may not advance the objectives of reducing welfare dependency. In such case, consideration might be given to selecting only those placements that are consistent with both objectives.

As in all cases, we are willing to provide additional assistance in thinking through the details of how these demonstrations might operate. Indeed, there are a number of technical matters regarding waivers and treatment of benefits that will need thorough attention and resolution. We have some experience in this area from a demonstration launched by the former Commission in collaboration with the Oklahoma Department of Human Service's JOBS program. Although the project is no longer funded, we have derived some valuable lessons that should influence future programming and decisions. We look forward to discussing this in more detail as the need arises.

We close by noting that we strongly agree with and echo the goals expressed by the Working Group which state, in short, that the greatest potential for success lies first in reducing the number of new entrants into the welfare system through preventive measures and, second, in reducing the average length of stay of those already in the system through measures aimed at enabling independence. Our hope is that the national service components outlined above will contribute to both of these objectives. We look forward to continued discussion and work with you in the coming weeks.