

WORKING GROUP ON WELFARE REFORM, FAMILY SUPPORT AND INDEPENDENCE

MEMORANDUM

TO: Mary Jo Bane, Assistant Secretary for Children and Families, DHHS
David Ellwood, Assistant Secretary for Planning and Evaluation, DHHS
Bruce Reed, Special Assistant to the President for Domestic Policy
Wendell Primus, Deputy Assistant Secretary for Planning and Evaluation, DHHS

FROM: Patricia Sosa, Director, Public Outreach, Welfare Reform Working Group

RE: Critique by the religious organizations

DATE: April 25, 1994

On April 20th, the National Council of Churches sent a letter to the President stating their latest position on the welfare reform initiative under consideration. The letter was signed by 15 of the largest religious denominations including Jewish, Catholic, Presbyterian, Lutheran and Methodist groups. They also provided detailed comments on the draft proposal. They based their comments on the December, 1993 and February 26, 1994 documents. See attached NCC letter and the analysis.

I want to highlight this letter and the religious community's comments for various reasons. The religious community is a very important sector and their officials have paid very close attention to our work. In addition, they are the only ones in the advocacy community who have provided us with comprehensive comments. I have a sense that these comments reflect the position of many others in the liberal community.

The critique is mixed. In the letter, they highlight the opposition to financing the program by cutting services to legal immigrants and their strong belief that true welfare reform can only be achieved through widespread job creation. On specifics, they support the JOBS-Prep program, part-time work, the work for wages model and all the provisions to end bias against the two-parent families. They oppose the denial of EITC for people in the WORK program, family caps and are troubled by the paternity establishment provisions. Helene Grady, Working Group staff, did a more detailed summary of the document. See attached Helene's summary.

cc:

Emily Bromberg, ACF
Ann Rosewater, ACF
Paul Legler, ASPE

SUMMARY OF INTERRELIGIOUS CRITIQUE OF WELFARE REFORM PROPOSAL

The critique, which is divided into four categories (employment, flexibility, family support, and the welfare system) is summarized below.

Employment

The Churches are concerned with:

- The use of JTPA training because these programs often target only the most employable individuals.
- The lack of support for nontraditional training and higher education through JOBS.
- Welfare reform not supporting part-time work.
- The WORK program focussing on short-term rather than on long-term jobs.
- The proposal to deny the EITC to WORK participants, especially in areas of high unemployment.
- Using the value of Food Stamps to subsidize the WORK program.
- The lack of incentives for employers to hire WORK participants permanently.

The Churches support:

- The phase-in.
- The JOBS-prep component.
- The work-for-wages model rather than work for benefits.
- That clients waiting for WORK slots be allowed cash benefits.
- That WORK participants have the same job protections as other workers at the site.

Flexibility

The Churches are concerned:

- That part-time work for families with special needs or in high unemployment areas needs to satisfy the work requirement.
- About the type of contribution that those unable to work because of disability would have to make.
- About the consequences of refusing a job, especially a low-paying job.
- That transitional support will need to be continued long after employment.
- About limiting the percentage of caseload that states could place in JOBS-Prep to a national fixed percentage.

The Churches support:

- Individual Economic Development: raising asset limits, IDAs and providing access to micro loan funds.

Family Support

The Churches are concerned:

- About the need for universal health care as essential to welfare reform.
- With the paternity establishment provisions; no one should be denied benefits if paternity is not established.
- With the family cap.
- That single parents who have pre-school children should only be required to work part-time and receive supplementary benefits.
- About the provision that a single parent caring for children and going to school must also work.
- About reducing benefits for families whose parents fail to participate in JOBS.
- About the availability of quality child care.

The Churches support:

- The provisions to end bias against two-parent families.
- The child support assurance demonstration programs.
- The extension of JOBS in order to complete education or training.
- Enabling welfare recipients to become child care providers; however, wage supplementation would be essential.
- The education and training opportunities for noncustodial parents, but custodial parents should be given priority.
- Mentoring, case management, and the exception from the requirement that minor parents live at home for those who are married or who are in danger in their parents' home.

The Welfare System

The Churches support:

- Changing the culture of the welfare offices, and would like to see proposals for how this would happen.
- A strong case management component for minor parents, but there also needs to be a similar approach for other clients.

APR 20 1994

National Council of the Churches of Christ in the USA

April 15, 1994

The President
The White House
Washington, D.C. 20500

Mr. President:

On behalf of the religious organizations we serve, we are writing to express our views on the late February draft prepared by the Administration's Working Group on Welfare Reform. We are grateful to you for appointing a group of experienced and dedicated public servants to make recommendations on this issue, which is so crucial to millions of people in this nation. We also appreciate the opportunities we have had to meet with members of the Working Group to share views and concerns in candid discussions.

We share your belief that the welfare system is badly in need of reform; however, we believe that the only way to end welfare is to end poverty. As long as there is a grossly inequitable distribution of wealth and opportunity, there will be individuals and families who cannot support themselves, even with full-time jobs. The primary purpose of welfare reform should be to create a system that will allow those who cannot or should not work outside the home to live in dignity and decency, while also helping those who can work to become fully self-supporting.

We are concerned that the proposals contained in the issue paper lack specificity on the issue of financing welfare reform. In several meetings with Administration officials, indications have been made that cutting services to legal residents in the U.S. is under Administration consideration. We oppose paying for welfare reform by shifting funds to the welfare program from programs serving non-citizens or other poor and needy people. We oppose cutting programs that serve legal residents in the U.S., especially since these people and their U.S. citizen family members contribute to the economy and pay taxes.

Our comments fall into four general categories which are spelled out in detail in the attached document. The categories are:

1. **Employment:** We believe that the goal of genuine welfare reform can only be achieved through widespread job creation, with jobs that pay enough to support a family and that have the prospect of stable, long-term employment.
2. **Flexibility:** Each family's situation is different, and, to be successful at helping people become self-supporting, a welfare system will have to be flexible enough to allow them to meet their family needs.
3. **Family Support:** For the religious community the well-being of families and their children is of paramount importance. We believe that helping parents establish and maintain stable families in which to nurture their children should be a primary goal of welfare reform. We are convinced that welfare reform cannot be accomplished in the absence of health care reform.

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4. The Welfare System: The current welfare system has, for many people, provided a "last resort" support system in times of crisis, and a helping hand out of poverty. For many others, it has been demeaning and humiliating. We believe that a reformed system must treat all participants humanely and that there must be enough well-trained workers to operate an effective case management system.

We are grateful for your commitment to improving the lives of people on welfare, and we look forward to engaging in this effort with you.

Sincerely yours,

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- We oppose using the value of food stamps to subsidize the WORK program, which would be particularly onerous in low-benefit states. The status of WORK participants with regard to food stamps is unclear. Would they still be able to receive food stamps? If the proposal to subsidize WORK from the Food Stamp Program were adopted, a person in the WORK program would be less well off than his or her non-welfare colleague doing the same job for the same pay, because the non-welfare person could receive food stamps. Like-wise, an AFDC recipient not in WORK could receive food stamps. Benefits received by a person in the WORK program should not be of less value than those received by a similarly situated person on welfare but not in WORK. Hunger is increasing rapidly in this country. We would not want the welfare system to fuel that increase, and we feel the proposal to subsidize WORK with food stamp funds could have that effect.
 - We do not perceive that there is any incentive for employers to hire WORK participants for the permanent workforce after they leave the WORK program. Utilizing the WORK program, businesses could have the government subsidize their labor force, simply accepting repeated WORK placements without hiring anyone for the long term.
2. Flexibility: Each family's situation is different, and, to be successful at helping people become self-supporting, a welfare system will have to be flexible enough to allow them to meet their family needs.
- We believe that part-time work should be considered sufficient to meet the work requirement if there are family needs that justify less than full-time work or if jobs are difficult to find in the area.
 - We are concerned about the statement that those unable to work because of disability are expected to do "something," or make some sort of contribution. It is unclear to us what would count and who would decide. Would a mother on welfare caring for her son who needs constant care because he is on a respirator be counted as doing "something," even though she does it in her own home?
 - We are concerned about the consequences of refusing a job. A person with skills who is offered a minimum wage job which demands no skills and which does not lead to long term employment or a decent wage should not be forced to take such a job. We are aware of some programs which work well because individuals are not mandated to take the first job that comes along, but are allowed to continue job search to find a job with a future that will support a family. Rather than sanctioning a person for refusing a specified number of jobs, we suggest setting a time limit within which a job must be found. This would give the individual flexibility to choose the most appropriate among options.
 - We feel that transitional support may need to be continued long after employment. Incomes increase slowly in low-skill jobs, which often do not provide benefits. People working in this type of employment will probably need child care and medical benefits for an extensive period of time.
 - We support Individual Economic Development. This concept is particularly important for persons living in high unemployment areas. Raising asset limits for eligibility for cash benefits is an important addition and implementing an Individual Development Account and providing access to micro loan funds are also movement in a positive direction.

1. Employment: We believe that the goal of genuine welfare reform can only be achieved through widespread job creation, with jobs that pay enough to support a family and that have the prospect of stable, long-term employment.

- We are concerned about the use of the Job Training and Partnership Act as a vehicle for job creation. Although outcomes-based and performance-based evaluation is good, in some cases JTPA has in the past selected only the persons with the greatest potential in order to appear successful, while those needing the most training and support were left out. A mechanism to prevent this practice needs to be created.
- Under JTPA, women tend to be placed in traditional "female" employment. They should have the opportunity to train for and work in positions that are not traditionally associated with women. All people working in this program should receive wages that place them above the poverty line.
- We encourage support for persons seeking higher and non traditional education and training through the JOBS program, since these experiences will help them to stay off welfare.
- We are concerned about what happens to the requirement to work placed on the clients/recipients when the funding cap is reached for the JOBS program, or if states run out of funds and cannot meet the match. Would recipients continue to receive benefits, or be dropped from the program?
- We believe that part-time work should be encouraged for those for whom it is appropriate, because it provides valuable experience for people with few skills and those who have not been employed before.
- We support a phase in and the concept of a JOBS-Prep program.
- We would prefer that the resources of the WORK program be used to create long-term jobs rather than temporary jobs. We are concerned about the potential time limits for WORK, especially in areas of high unemployment, such as some counties of West Virginia and on most Indian reservations. We are pleased to see that persons reaching their limit would have the option to earn back time; however, this may not be adequate.
- We feel that the goal of any job program should be to enable families to escape poverty. Thus, the proposal to deny the earned income tax credit to persons participating in WORK seems particularly unfair in areas of high unemployment. We suggest that this proposal, if adopted at all, be waived in such areas.
- We believe that participants in WORK should not work off their benefits, but receive wages, which provide a greater sense of dignity. Sick leave must be provided. Deduction in wages should be made only with just cause, and protections are needed for persons who may be harassed on the job.
- We support providing people participating in the WORK program with the same protections in their jobs as others employed at their work site. Differences in the way workers are treated would isolate welfare recipients and further dehumanize them.

- We know there will be some states that have a disproportionate number of persons who would qualify for the JOBS-Prep program. Limiting the percentage of caseload that states could place in JOBS-Prep to a national, fixed percentage would be unfair. The ratio of the numbers of persons qualifying to the total population of each state should be considered.

3. Family Support: For the religious community the well-being of families and their children is of paramount importance. We believe that helping parents establish and maintain stable families in which to nurture their children should be a primary goal of welfare reform. We are convinced that welfare reform cannot be accomplished in the absence of health care reform.

- We support health care reform that provides universal coverage and comprehensive benefits, and we believe that no family's access to health care should be jeopardized by leaving welfare. Passage and implementation of health care reform legislation is essential to welfare reform.

- We support the provision to end bias against two-parent families.

- We affirm that both parents have responsibility for their children and agree that change in child support enforcement law is necessary. However, we find that the paternity establishment provisions could be troublesome. We are concerned about what would constitute good cause exceptions for not establishing paternity, how that decision would be made and by whom, and what would happen if the father cannot be identified. We do not agree that benefits should be denied if paternity is not established, since this would punish children who have no voice in the matter.

- We support the child support assurance demonstrations program.

- We support an effort to prevent teen pregnancy and oppose child exclusion/family caps.

- We believe that persons unable to work for reasons of physical or mental disability, whether they are disabled themselves or care for someone who is disabled, should receive support from a program such as SSI.

- We believe that the well-being of children requires that they have adequate time to be nurtured by their parents. Single parents who have pre-school children or children who are in school only part of the day should not be required to work full time in order to receive benefits. They should be allowed to work part-time and receive supplementary benefits.

- We oppose removing people from the system after a certain length of time in WORK. Allowing the system to give up on people and terminate their benefits after a specified time will not cause them to disappear. It will simply shift the burden of their care to another sector - perhaps over-burdened non-profit agencies or programs serving the homeless. If supportive services are provided adequately and if jobs are available, people will become employed. Poor parents with children should not bear the burden of high unemployment and inadequate services.

- ◀ We support the extension of the JOBS program to allow an individual to complete education or training. However, we are concerned about the expectation that a single parent caring for children and going to school must also work.
- We oppose reducing benefits for families in which parents fail to participate in JOBS, because the result would hurt children. There is no way to assure that sanctions punish only the parents, short of removing the children from the home.
- We are concerned about the availability of child care for minor parents who wish to return to school. Child care must be guaranteed for children whose parents are required to be away from home. Presently, funds for child care often run out in mid year making school and other training options impossible. For reforms to be effective, child care is a must. The welfare reform program should generate the needed number of slots and also ensure quality. Child care slots must not be taken from other working poor people to serve those who are on welfare. At the same time child care must be guaranteed if program requirements are to be met.
- ◀ • We agree that investments should be made in child care quality and supply, and we support enabling welfare recipients to become child care providers and thus operators of small businesses. However, wage supplementation would be essential for child care workers because wages paid to them now are very low and normally cannot support a family.
- ◀ • We support the proposed education and training opportunities for non-custodial parents, but custodial parents should be given priority.
- ◀ • We support mentoring, case management and the exception from the requirement that minor parents live with their parents for those who are married or who are in danger in their parents' home.

4. The Welfare System: The current welfare system has, for many people, provided a "last resort" support system in times of crisis, and a helping hand out of poverty. For many others, it has been demeaning and humiliating. We believe that a reformed system must treat all participants humanely and that there must be enough well-trained workers to operate an effective case management system.

- We welcome the statement of intent to change the "culture of the welfare offices". Criticism often heard from clients/recipients relates to the lack of dignity and support given them as persons. We hope that this will change, and look forward to seeing proposals for how this would happen.
- We believe a strong case management approach that provides personal and consistent support is essential for all participants. Although there is a strong case management component for minor parents, little is said about case management services for other clients/recipients.

FOR MORE INFORMATION: Kay Bengston, Lutheran Office for Governmental Affairs - Evangelical Lutheran Church in America (202)783-7507, or, Mary Anderson Cooper, National Council of Churches (202)544-2350.



EVANGELICAL LUTHERAN CHURCH IN AMERICA

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Division
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in Society

April 26, 1994

Mr. Bruce Reed
Deputy Assistant to the President for Domestic Policy
The Old Executive Office Building
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Washington, DC 20500

Dear Bruce:

Several weeks ago in a meeting with our staff, Bishop Chilstrom, and Pastor Miller in your office, you asked us to provide an estimate of the capacity of the Lutheran social service system to participate in a federally supported job creation program as a part of a comprehensive welfare reform proposal. As you may recall, the best occasion to pose that question/request was this past weekend at a joint meeting of two associations of Lutheran human service providers.

Several of our social ministry organizations have worked extensively in job creation, job training, and job placement activities. One in particular, Bethel New Life in Chicago, has extensive, interesting, and informative experiences that might be of interest to you and your colleagues. Please let me know if you would like to talk with them about their experiences.

Regrettably, the response to my general request was met with considerable hesitation. Several concerns surfaced including disillusioning previous experiences of similar programs being terminated before being fully tested and the concern for the potential of a two-tier work force. Additionally, most of our agencies are currently challenged to seek new alliances with other providers of services to participate in a continuum of services in developing managed care programs. This new management task is taking priority over consideration of potential new program opportunities.

All affirmed the necessity of job creation as a part of welfare reform and expressed a willingness to explore their experiences with you further and/or to look again at their role in job creation at another time.

While this is not the definitive information that you had wished, it does reflect the realities and reflections of our committed providers. Please feel free to call if further conversation with these leaders would be helpful in your refinement of a welfare reform package.

Continued best wishes.

Sincerely,

A handwritten signature in cursive script that reads "Kay S. Dowhower".

Kay S. Dowhower
Director

c.c. Kay Bengston
Mary Jo Bane
David Ellwood