



Cynthia A. Rice

01/12/99 11:36:00 AM

WR-Ideas

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP
cc: Laura Emmett/WHO/EOP, Andrea Kane/OPD/EOP
bcc:
Subject: Welfare Announcements

And here's a list of our welfare announcements overall:

- (1) Welfare caseloads have fallen below 8 million (down 43% since he took office and 35% since he signed the welfare reform bill)
- (2) 10,000 companies have joined the Welfare-to-Work Partnership,
- (3) The federal government has met our goal of hiring 10,000 welfare recipients by 2000 (we have to round slightly to get there)
- (4) The budget will include \$1 billion more in Welfare-to-Work funds and to help those welfare recipients still on the rolls who face the greatest challenges get jobs and succeed in the work force, with a new emphasis on increasing the employment of low income fathers so they can better meet their responsibilities to their children.
- (5) Announce the availability of \$240 million this spring for the third round of Welfare-to-Work Competitive grants focusing on individuals with the greatest challenges (substance abuse, low basic skills/ESL, disabilities)
- (6) 25,000 more welfare-to-work housing vouchers,
- (7) \$150 million for Access to Jobs transportation,
- (8) \$20 million for Individual Development Accounts,

Andrea Kane

Andrea Kane 01/12/99 10:36:01 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP, Elena Kagan/OPD/EOP

cc: Cynthia A. Rice/OPD/EOP

Subject: Welfare Caseloads

Here's an updated summary of caseload numbers we sent speechwriters for SOU (I added a little more detail in the first paragraph for your purposes). I'm faxing the state-by-state numbers and a spread sheet w/ month by month changes.



caseload.wp

Possible State of the Union Welfare Announcements

(1) Caseloads Continue Their Record Declines: Unveil new caseload data showing the welfare rolls have fallen below 8 million for the first time since 1969 and have fallen nearly 2 million since last year's State of the Union. The welfare rolls have declined by 43 percent since January 1993, when they stood at 14.1 million, and by 35 percent since their August 1996. The percentage of the U.S. population on welfare is at its lowest since 1968 -- 2.9 percent.

	Number of people on welfare (millions)	Decline since taking office (#) (%)	Decline since signing law (#) (%)	Decline since prior SOU (#) (%)	President's Statements
Oath of Office (1/93)	14.1				
Welfare Bill Signing* (8/96)	12.2	1.9 14%			"Today, we are taking an historic chance to make welfare what it was meant to be: a second chance, not a way of life."
1997 State of Union (10/96 data)	11.9	2.2 16%	.3 2%		"Now each and every one of us has to fulfill our responsibility -- indeed, our moral obligation -- to make sure that people who now must work, can work. Now we must act to meet a new goal: 2 million more people off the welfare rolls by the year 2000."
1998 State of Union (9/97 data)	9.8	4.3 31%	2.4 20%	2.1 18%	"Last year, after a record four-year decline in welfare rolls, I challenged our nation to move 2 million more Americans off welfare by the year 2000. I'm pleased to report we have also met that goal, two full years ahead of schedule."
1999 State of Union (9/98 data)	8.0**	6.1 43%	4.3 35%	1.8 18%	

* These are the actual caseload numbers for August 1996, which were not yet available when the President signed the bill into law. The President's August 1996 statements were based on May 1996 data.

** The actual figures are just under 8 million (7,986,000).

(2) More Welfare Recipients are Working than Ever Before: Data released December 30th shows nearly every state is meeting the welfare law's overall work requirement (requiring 25 percent of all welfare families with an adult to work). Data also show the percentage of welfare recipients working has greatly increased. Since 1992, the percentage of adults on welfare in direct work activities -- employment, work experience, and community service -- has tripled, rising from 7 percent in 1992 to nearly 22 percent in 1997. Nationwide, 28 percent of all adults on welfare are participating in direct work activities or other welfare-to-work activities, such as vocational training, and nearly every state met the law's 25 percent participation rate for FY 1997. (Source: Caseload data reported by the states to HHS.)

Estimates based on Census Bureau data show that 1.5 million individuals who received welfare in 1997 were working in March 1998. This reflects an impressive 28 percent increase since 1996 in the percentage of people who were on welfare in one year and working the following year -- from 26.5 percent in 1996 to 33.8 percent in 1998. (Source: HHS calculations of Census Bureau data.)

Census Bureau data also show a dramatic shift towards employment among welfare recipients: the percentage of single women on welfare who were working increased by 50 percent from 1992 to 1997. In 1992, 40% of single women on welfare had earnings from employment and 60% did not; by 1997, these ratios had switched and 60% of single women on welfare had earnings from employment while 40% did not. In addition, the Census Bureau data show that the proportion of single mothers working has increased dramatically since 1992 and the number of women receiving welfare and not working has decreased dramatically. (Source: Harvard University Professor Jeffrey B. Liebman's calculations using Census Bureau Current Population Survey data. The data from 1996 and earlier appeared in Table III of his article "The Impact of the Earned Income Tax Credit on Incentives and Income Distribution" *Tax Policy and the Economy*, 12, 83-119.)

(3) The Public and Private Sectors Are Hiring from the Welfare Rolls. Announce that the Welfare to Work Partnership has met the President's challenge to sign up 10,000 businesses, and (possibly) that federal agencies have met the challenge to hire 10,000 welfare recipients -- ahead of the target date of 2000 (we'll know by the first week of January if we've met the federal hiring goal).

	President's Statements
Welfare Bill Signing (8/96)	"Now that we are saying with this bill we expect work, we have to make sure the people have a chance to go to work. If we really value work, everybody in this society -- businesses, non-profits, religious institutions, individuals, those in government -- all have a responsibility to make sure the jobs are there."

1997 State of Union	"To every employer in our country who ever criticized the old welfare system, you can't blame that old system anymore, we have torn it down. Now do your part. Give someone on welfare the chance to go to work. Tonight, I am pleased to announce that five major corporations -- Sprint, Monsanto, UPS, Burger King and United Airlines -- will be the first to join in a new national effort to marshal America's businesses, large and small, to create jobs so that people can move from welfare to work."
Cabinet Meeting on Federal Hiring of Welfare Recipients (4/10/97)	Announced plan to hire 10,000 welfare recipients in the federal government by the year 2000, an effort to be led by the Vice President (this announcement was the result of a Presidential directive issued 3/8/97 for agencies to develop welfare to work hiring plans).
Welfare to Work Partnership Launch (5/20/97)	Announced the Partnership had grown from 5 to 105 companies and set a goal of achieving 1,000 within a year.
1998 State of Union	"We still have a lot more to do, all of us, to make welfare reform a success -- providing child care, helping families move closer to available jobs, <u>challenging more companies to join our welfare-to-work partnership</u> , increasing child support collections from deadbeat parents who have a duty to support their own children."
Welfare to Work Partnership Anniversary (5/27/98)	Announced the Partnership had grown from 105 to 5,000 companies and that Partnership companies had hired 135,000 welfare recipients in 1997. The President challenged the Partnership to double its number of hires and the number of companies participating. The President also announced that federal government has hired 4,800 people from welfare to work in the last year, of the goal of 10,000 by the year 2000.

(4) We Must do More to Ensure Those Still on the Rolls Go to Work. Announce our proposal for \$1 billion more in Welfare-to-Work funds to help those welfare recipients still on the rolls who face the greatest challenges get jobs and succeed in the work force. This revised program will contain a new emphasis on increasing the employment of low income fathers so they can better meet their responsibilities to their children, with a minimum of \$150 million for Responsible Fatherhood Grants. (See separate one pager for more details.)

(4) New Resources for Child Support Crackdown. Unveil a new child support law enforcement initiative to double the number of prosecutions of egregious child support violators by providing resources to identify, investigate, and prosecute these cases. This effort will be part of a challenge to law enforcement in every state to join our national effort to ensure America's children receive the support that they need and deserve. (See one pager for more details -- level of funding is still undecided, so it's unclear if we can pledge to double the number of prosecutions.)

We may also be able to release new 1998 figures showing additional increases in child support collections. (We do not have these data yet but are working on getting them by early January. These data will update our current statistics showing a 68 percent increase in child support collections since the President took office, which are based on 1992-1997 comparison).

	President's Statements
1996 State of the Union	"In particular, I challenge the fathers of this country to love and care for their children. If your family has separated, you must pay your child support. We're doing more than ever to make sure you do, and we're going to do more, but let's all admit something about that, too: A check will not substitute for a parent's love and guidance. And only you -- only you can make the decision to help raise your children. No matter who you are, how low or high your station in life, it is the most basic human duty of every American to do that job to the best of his or her ability."
Welfare Bill Signing (8/96)	"It's the most sweeping crackdown on deadbeat parents in history....With this bill we say, if you don't pay the child support you owe we'll garnish your wages, take away your driver's license, track you across state lines; if necessary, make you work off what you pay -- what you owe. It is a good thing and it will help dramatically to reduce welfare, increase independence, and reenforce parental responsibility."
1997 State of Union	"In the last four years, we have increased child support collections by 50 percent. Now we should go further and do better by making it a felony for any parent to cross a state line in an attempt to flee from this, his or her most sacred obligation."
1998 State of Union	"We still have a lot more to do, all of us, to make welfare reform a success -- providing child care, helping families move closer to available jobs, challenging more companies to join our welfare-to-work partnership, <u>increasing child support collections from deadbeat parents who have a duty to support their own children.</u> "

<p>Signing of Deadbeat Parents Punishment Act (6/24/98)</p>	<p>"The Deadbeat Parents Punishment Act of 1998 deals with child support evaders in the most serious cases. From now on if you flee across state lines and refuse to pay child support you may be charged with a federal offense, a felony offense, and may land in jail for up to two years. One way or the other people who don't support their children will pay what they must."</p> <p>In addition to signing the bill into law, the President announced that a new child support collection system launched nine months ago has already located one million delinquent parents and the child support enforcement program established a record 1.3 million paternities in 1997. Overall, 68 percent more child support was collected in 1997 than in 1992.</p>
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(5) Additional Funds for Welfare to Work Housing Vouchers and Welfare to Work Transportation. The President's budget will contain additional funds for the President's proposals to help ensure welfare recipients who need to move or obtain transportation in order to go to work can do so (amounts are still being determined).

	President's Statements
<p>1998 State of Union</p>	<p>"For 13 years, Elaine Kinslow of Indianapolis, Indiana, was on and off welfare. Today, <u>she's a dispatcher with the a van company.</u> She's saved enough money to move her family into a good neighborhood, <u>and she's helping other welfare recipients go to work.</u> Elaine Kinslow and all those like her are the real heroes of the welfare revolution. There are millions like her all across America. And I'm happy she could join the First Lady tonight. Elaine, we're very proud of you. Please stand up.</p> <p>We still have a lot more to do, all of us, to make welfare reform a success -- providing child care, <u>helping families move closer to available jobs,</u> challenging more companies to join our welfare-to-work partnership, increasing child support collections from deadbeat parents who have a duty to support their own children."</p>
<p>Signing of Transportation Equity Act (TEA-21) into law (6/9/98)</p>	<p>"The Act will expand opportunity. It offers transportation assistance to enable more Americans to move from welfare to work. If you can't get to work, you can't go to work."</p>

Wf Ideas

DRAFT - April 8, 1997

**WELFARE REFORM:
HHS ISSUE PAPER PROJECT**

As states and localities implement the new welfare law, HHS believes that there are several key policy priorities which will be essential to successfully moving families from welfare to work and self-sufficiency. The most important of these is to involve the private sector in hiring welfare recipients, and we will continue to compile information about exemplary ongoing or future efforts to increase private sector involvement in welfare reform implementation. In addition, we have identified several *additional* policy priorities that have been Presidential priorities and about which we believe the Administration should communicate strong messages in the coming months.

Over the next several weeks, HHS proposes to prepare a series of papers for the White House which outline each of these priorities, highlight state legislative initiatives, and summarize state, local, and non-governmental programs that exemplify "best practices" in each area. These themes, listed in the order of our proposed production schedule, are below.

* **HUMAN SERVICES TRANSPORTATION** initiatives link welfare recipients to jobs, and acknowledge the changing geographic dynamics of the American workplace. This paper has been completed and submitted to the White House.

* **CHILD SUPPORT ENFORCEMENT** efforts are increasing collections and paternity establishments, helping custodial and non-custodial parents make the transition from welfare to work and achieve self-sufficiency. In the coming months, states will need to implement important legislation that will determine how their child support enforcement programs will be structured.

* **CHILD CARE.** A number of promising initiatives to expand and improve child care have emerged across the country. These include initiatives such as public/private partnerships, innovations in consumer education, linkages with health and other topics.

* **RURAL DEVELOPMENT** efforts deserve special emphasis. Welfare reform should not be equated with urban policy, and the unique needs of rural welfare populations need to be properly addressed at the federal, state, and local level.

* **PERSONS WITH DISABILITIES** face unique challenges in the new welfare-to-work environment. States and localities should be encouraged to develop inclusive, accessible welfare programs that address the needs of welfare recipients with disabilities or parents caring for disabled children.

* **ECONOMIC DEVELOPMENT, MICROCREDIT** and **COMMUNITY-BUILDING** efforts bring job opportunities, capital investment, and new economic activity to low-

income urban and rural communities. We need to build on existing models (such as EZ/EC, CDFI, and others) and better link welfare programs to work programs at the federal, state, and local levels. We plan to work with Treasury on the development of this paper.

*** EMPLOYMENT AND JOB RETENTION FOR HARD-TO-SERVE POPULATIONS** is a crucial and difficult goal to meet as welfare recipients move from welfare to work. The Administration should emphasize job placement strategies that help hard-to-serve or long-term welfare recipients find employment as well as highlight model programs that keep former recipients employed and self-sufficient. We hope to involve the Department of Labor in the development of this paper.

*** STATES MUST MAINTAIN THEIR INVESTMENT** in welfare programs by using new state flexibility and TANF block grant dollars to support low-income families. State legislatures will be making crucial fiscal choices in the coming months; we need to ensure that these choices maintain a strong commitment to low-income families.

*** DOMESTIC VIOLENCE** programs are crucial to remove the barriers to employment for families experiencing domestic violence.

*** TEEN PARENTS AND TEEN PREGNANCY PREVENTION** is an important focus of welfare reform. The Administration should highlight and encourage replication of model programs that help teens live at home with their families, stay in school, prepare for work, and practice abstinence.

WR IDEAS

1) Caseworker issue WOTC condit. elig. certif.
→ Ask HHS re certification mod
-John Beverly, E+T

PROPOSALS TO REFORM WOTC, INCREASE EMPLOYER PARTICIPATION AND TO EXPAND COVERAGE TO THOSE IN NEED OF ASSISTANCE IN FINDING WORK

- **PROGRAM REFORM:** The current WOTC statutory language needs to be changed to require the Pre-screening form (IRS 8850) be completed before the job offer is made, not "On or before the day on which such individual is offered employment..." as it currently reads.

PROPOSALS TO INCREASE EMPLOYER PARTICIPATION AND TO EXPAND COVERAGE TO THOSE IN NEED OF ASSISTANCE IN FINDING WORK

- **PERMANENT/MULTI-YEAR EXTENSION OF THE PROGRAM.** To encourage participation, employers need the assurance that there will be a permanent, if not long term, extension of the program. Without such assurances, it is hard for businesses to make the financial and corporate cultural commitment to participate in WOTC.
- **REDUCE MINIMUM WORK REQUIREMENT FROM 400 HOURS TO 250 HOURS.** When the reduced pool of qualified applicants is combined with a smaller credit, and costly new administrative procedures, the 400 hour minimum work requirement discourages participation because too much of the risk has now been shifted to employers. Line managers are more resistant to participating in a program where the rewards have been diminished for an applicant pool that has fewer job skills and less potential for succeeding in the workplace especially when the benefits are delayed for at best two and a half months and possibly up to six months. This is frustrating for employers when many of these workers use their WOTC job as a stepping stone to other employment. 250 hours is more than twice the 120 hour requirement in the old TJTC program.
- **INCREASE THE CREDIT AMOUNT AND WAGE BASE TO COVER THE FIRST \$10,000 FOR ONE YEAR. INCLUDE AS ELIGIBLE WAGES EDUCATION AND TRAINING ASSISTANCE, HEALTH CARE, AND DEPENDENT CARE EXPENDITURES.** A one year credit on a \$10,000 wage base would restore the incentive and would provide enough to substantially offset the costs involved in placing WOTC eligible workers on payroll and providing the added training and the time required to work with this population. Increasing the wage base would reward higher paying jobs and provide added resources for employers to provide incentives for longer retention. Once a worker has gotten through the first year, they have demonstrated enough of a work history, that the decision to leave a job often will center around other opportunities. Employers want and need a stable work force and have no incentive to churn a competent employee especially for a tax incentive that hardly covers the costs and headaches involved in integrating an entry level worker.

\$1.2B

\$60m

1/2/16

3500

- not 2nd yr

Treasury
Dept.

- **EXTEND ELIGIBILITY TO NOT FOR PROFIT ENTITIES (REFUNDABLE OR SALE/SYNDICATION OF HIRING CREDITS.)** Besides government, the largest employers in most inner city communities are not-for-profits, especially universities, hospitals and community based organizations. They have many entry level positions which could be filled by WOTC eligible individuals and they are often committed to providing employment to individuals from the community. But they have many more job applicants than positions and tend to hire the most qualified individual. Extending the ability to sell or syndicate hiring credits as is currently available with pollution credits and low income housing credits would dramatically increase participation especially among employers who are often located in the areas where WOTC jobs are most needed.
- **EXTEND WOTC PROGRAM ELIGIBILITY TO ANYONE WHO IS PARTICIPATING IN OR WHO HAS RECENTLY COMPLETED A FEDERAL JOB TRAINING PARTNERSHIP ACT TRAINING PROGRAM OR A STATE OR LOCAL TRAINING PROGRAM.** Participants in federal, state and local training programs are carefully screened to insure that they meet the eligibility standards. Because of their backgrounds, many of those who participate in these programs have difficulty in finding a good job. Extending categoric eligibility to those who participate in these programs would significantly increase not only the speed in which they find employment, but also would improve the quality of jobs available to them.
- **PROVIDE AN INCREMENTAL TRAINING CREDIT.** An employer who is willing to promote and/or train WOTC workers or individuals who were hired at either the minimum wage or who participated in a federal, state, or local training program should be encouraged to provide additional training to these workers through a tax credit that would cover any incremental increase in wages as well as the training costs involved.

OPTIONS FOR ENHANCING FEDERAL GUARANTEE TO ALL AMERICANS TO INVEST IN POST-SECONDARY EDUCATION AND TRAINING THEY CHOOSE

1. Baseline Package of Federal Resources for Families and Individuals

- \$2900 Pell Grants -- with actual amount based on family income, savings. Difficult or arbitrary use in practice adversely affects three groups: independent students, dislocated workers b/c no prospective income test, and non-degree training. Also, subject to vagaries of annual appropriations, which means that amount of grant falls behind median tuition costs when not the highest priority of a sitting President who can enforce his will on Congress.
- Student Loans -- much more conveniently available, with more affordable repayment, including a Pay-As-You-Earn option. [N.B.: We should take credit for all reforms in practice -- including the savings and increasing competitiveness and convenience of GSLs -- of Direct Lending.]
- Dol Training -- a hodgepodge of federal-, state- and local-contracted training programs for dislocated and low-income workers. President in G.I. Bill for America's Workers has already argued that this crazy-quilt of training programs doesn't work and all of the adult training dollars should be consolidated into an individual Skill Grant of \$2600 so that dislocated and "underemployed" workers who can't find new jobs with their current skills can invest in learning the skills they choose to find new and more rewarding work.

2. Current Package of Proposals

- \$1500 refundable Hope Scholarship, \$10,000 Education and Training Tax Deduction and Expanded IRA. However, refundability of Hope Scholarship presents problems in coordinating with Pell Grant, doesn't get cash into hands of family until year after family spends money on tuition, and doesn't add much purchasing power for low- and moderate income persons compared to Pell Grants; and Hope Scholarship does not solve limitations in Pell Grants described in 1 above.
- \$2600 Skill Grant in G.I. Bill for America's Workers for Underemployed and Unemployed Workers. However, last year the House and Senate authorizing committees and Conference Report rejected individual Skill Grants and substituted devolution to states of DoL adult training dollars, with each state having discretion to use state-local contracting for training services or individual skill grants designed as state chooses. Authorizing committees offered no federal guarantee of any kind for enhanced purchasing power of education or training for individual families and are unlikely to be any more supportive this year -- *unless the President finds a way to elevate the issue in a new and major way.*

3. New Proposed Package for enhancing Federal Guarantee of support for families to invest in education and training they choose. Budget Premise=use \$5.5 billion in 5-year budget savings from eliminating refundability and simplifying Hope Scholarship; and move all of the individual purchasing power of Pell Grants and most of DoL adult training appropriations to mandatory side of the Budget. There is also an additional \$2 billion in

budget savings from Student Loan reforms, for a total of \$7.5 billion in available savings.

- Expanded and More Flexible Pell Grants:

Increase Proposed FY98 Discretionary Amount from \$2900 to \$3000, the median cost per year of college). *Net Budget Increase Cost = \$1.5B.*

Solve "Independent Student" issue. *Net Cost=\$3.9B*

Solve "Prospective Income" issue for dislocated workers. *Net Cost=\$1.0B*

Solve "Non-Degree" training issue. *Cost=\$5.0B* (although this is very uncertain b/c we don't have a handle on the extent to which this would be used). This cost could be entirely offset by moving a portion of JTPA training \$\$ to mandatory side (just as we are proposing for Pell Grants!) *Net Cost=\$0*

- Dislocated Worker Hope Skill Credit or Hope Skill Grant of \$3,000:

The impact of this net increase in purchasing power would be limited to class of workers actually dislocated from paying jobs by their employers whose "prospective income" is still too high for Pell Grant and who can't find a new job after 12 weeks of job search as certified by U.I. or One-Stop; and for most of this limited class, net increase in cost would be a maximum of \$1500 per person. *Cost=\$3.5B* (although this is a little indeterminate b/c interaction with Pell Grant and Hope Scholarship is not yet entirely clear) This cost could be entirely offset by moving JTPA training \$\$ for such dislocated workers to mandatory side (just as we are proposing to do with Pell Grants!) *Net Cost=0.*

Total Net Budget Cost= \$6.4B less Net Budget Saving of \$7.5 yields

Net Budget Cost=\$0 or savings!

4. Pros vs. Cons

- Pro: This will guarantee for a generation to come that President's promise of federal support for every family, worker, and student to invest in education and training they choose -- not just for first two years of college, but also for all post-secondary lifelong learning -- is embedded in a balanced budget reconciliation agreement. In so doing, it will *also* implement the President's proposal for a G.I. Bill for America's Workers *without having to seek any legislation from reluctant if not hostile authorizing committees!*

Con 1: This is a new entitlement that will explode the deficit in the out-years.

Con 2: This will require cuts elsewhere in Budget.

Con 3: This will put existing DoL training programs or POTUS-proposed Skill Grants at risk.

Discussion: This is a fight well worth making. First, the chances for a major victory -- for POTUS and for all Americas -- *in the context of a budget that actually balances on CBO scoring* -- are quite high if POTUS wants to fight for this priority. In fact, this proposal

would substantially enhance POTUS hand: (a) by elevating this issue to a paramount Presidential priority and highest national visibility and (b) by building support among virtually all D's (and, behind the scenes, at least, maybe even moderate R's who want to assure investment in post-secondary education and training) and major constituencies (including organized labor, entire education community, and much of enlightened business leadership) who will join with POTUS to fight for this federal guarantee of post-secondary education and training in the context of balancing the budget. The President's own balanced budget proposal, his actions in achieving a balanced budget agreement, and his commitment to whatever Bi-Partisan Commission he may convene to deal with "longer-term" Social Security and Medicare/Medicaid issues will make clear that the President is committed to a budget framework that will work to achieve balance -- and not explode the deficit -- for a generation to come. *Establishing such a new balanced budget framework -- including the federal guarantee to all American families, students and workers of resources to invest in the post-secondary education and training they choose -- provides the substance for a powerful Second Inaugural Address: the President's vision for empowering ordinary Americans to lead an extraordinarily rewarding crossing to a new age of discovery and renewal.*

Second, the President will be submitting a complete new budget that balances and then bargain for a balanced budget agreement in the context of many variables that are not included in his proposed budget (e.g., C.P.I., size of economic bonus for balancing the budget, additional revenues within budget window from capital gains cut and further eliminations of "corporate subsidies," and other proposed restraints on growth in Medicare, Medicaid, and SSI and Disability). Any "con" of requiring "cuts" elsewhere in our budget is, therefore, largely irrelevant at this stage of consideration: this is the type of choice that POTUS should have before him when he makes decisions on major presidential priorities (which this surely is) and budget trade-offs. *But the budget trade-offs here are not total \$\$ nor trade-offs between competing Presidential priorities; here the actual budget trade-offs are of two different kinds: (1) refundable tax credits v. mandatory grants; and (2) mandatory investment v. discretionary appropriations. This proposal is "budget-neutral."*

Third, the DoL discretionary appropriation for training programs is already at risk: in our G.I. Bill proposal, the President has already led the charge in arguing that the current crazy patchwork of DOL programs with federal-state-local contracting of training is just plain wrong-headed and that the \$\$ should all be consolidated into purchasing power directly in the hands of individuals through a \$2600 Skill Grant. *Therefore, what's really at risk if we don't include "skill grants" for training in our proposed mandatory package is the President's whole proposal of individual Skill Grants before unfriendly authorizing committees.* In fact, this proposal to tie education and training together as mandatory investments *actually strengthens our hand on any negotiations on similar changes to Pell Grants and to fight for the President's real G.I. Bill for America's Workers if we lose with the Congress on this issue in Budget Reconciliation and are forced back bargaining with the authorizers and appropriators on the discretionary side!* And, if the mandatory proposal succeeds in the Budget Reconciliation, then DoL can concentrate on building the foundation for labor market information and exchange (Job Bank, Talent Bank, Labor Market Information System, Interactive Training Network and One-Stops) that permit job-seekers, employers looking for workers, and job placement intermediaries to find and add their own value -- *without the*

need for any additional authorizing legislation at all!

[N.B.: Of course, any such consolidation through individual grants -- like the consolidation through devolution proposed by Congressional authorizers last year -- puts most of the employees at DoL's ETA at risk of being "downsized": but we are in no position to argue that is a con rather than a pro. Indeed, the VP joined in major support of the President's proposed consolidation through individual Skill Grants as one of his most important and visible examples of real REGO.]

[N.B.: There is a very creative proposal for out-of-school-youth and young adults who don't have high school diplomas or are functionally illiterate that DOL could put into play on the authorizing side *with the support of governors and mayors*: a \$500 federal incentive to the State/locality for each such young person recruited to go back to a state/locally approved provider offering learning leading to high school diploma, marketable job skills and a real job upon completion, with another federal \$500 reward to State for every such person placed in a job for one year after completion. This could be modeled -- much like the School-to-Work transitional grants -- as a challenge competition to States (and localities/school districts) that elect to participate by putting up the rest of the \$\$ for such work-based learning leading to employment upon graduation. It is not necessary, however, to decide what if anything to propose with respect to DoL out-of-school youth/young adult training programs in order to decide this proposal for *post-secondary education and training*. The DoL out-of-school youth issues should be reviewed and considered in the context of the complementary proposal from DoEd for reforming the Perkins Act through the pending reauthorization: *Ken and Barry should advise the timing and nature of any budget issues on DoL out-of-school youth and Perkins reauthorization that need to be resolved.*]

- **Pro:** This will assure that individual grants are provided up-front to low- and moderate-income families, students and workers who choose to invest in education and training without the administrative, tax policy and six- to 18 month delay in receiving "refundable tax credit."
Con: ? [I don't think there is a "con" here, except possibly a tacit admission that "refundability" of tax credits generally is mandatory "spending" rather than a "tax cut" (which might hurt our rhetoric, but does it really hurt the budget scoring and budget terminology for EITC?)]

- **Pro:** This will assure that all American families, students and workers know that they will have federal guarantee of support not only for first two years of college, but also for all post-secondary education and training they choose.
Con: This may dilute message of making "first two years of college" or "years 13 and 14 of schooling as universal as K-12 public schooling" by extending federal guarantee of support (a) to all lifelong learning and (b) including training for dislocated, "underemployed" workers, and low- and moderate-income families -- as well as college education -- for "learners" of all ages.

[**Discussion:** I just don't "get" this con at all. Someone else will have to put together the arguments on this.]

REGO Suggestions - SOTU

File:
Ideas

Phyllis Anderson/draft4/1-24-97

In my first term, my goal was to make the government work better and cost less. We have proved that we can make the government cost less. We have:

- reduced the government work force by over 285,000
- cut 16,000 pages of regulations
- closed 2,000 obsolete field offices
- eliminated almost 200 programs and agencies

In the next four years, while we continue to make government cost less, our job will be to make it work better.

By the year 2000, you will be able to:

- find the government service you need the first time you look in the blue pages of your local telephone book.
- get fingerprint matches in hours rather than months for police on the streets.
- pay only 25 cents for the post office to deliver your personal letters and bills anywhere in the country in less than three days - the first time in history that the price of a stamp will have gone down.
- get a passport while you wait - just like a driver's license.
- have your patents approved in as little as 60 days instead of 660 days.
- get an answer to your disability application in half the time.
- stop reporting your earnings to Social Security if you're a working senior citizen, beginning this year.
- get cleared through Customs and Immigration at airports in 30 minutes or less instead of an hour-and-a-half with improved border security.

not a done deal. Speakes is optimistic - we'll know early in the week

Be on-line, instead of in line:

Veterans will be able to apply for benefits, get approval for home loans, schedule clinic appointments, check on the status of claims, appeals and payments and consult with a health care provider long-distance;

Citizens will be able to find out whether the drinking water is safe in their community, if the vacant lot down the street is contaminated and what's coming from the industrial facility across town.

Small businesses can apply for and get small business loans.

Workers will be able to report workplace safety and health hazards.

And 40 million taxpayers will be able to file paperless by phone or Internet.



EMPIRE STATE SURVEY

The EMPIRE STATE SURVEY
is a joint project of:

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Project Directors*

WP-Ideas

EMBARGOED FOR RELEASE UNTIL 5 P.M., SATURDAY, JULY 16
Contact Richard Behn or Douglas Muzzio, 212-988-7300

NEW YORKERS WANT TO MAKE WELFARE "WORK"

New Yorkers want to make welfare "work," according to the results of a poll of 1221 New York State residents taken by the Empire State Survey.

The Empire State Survey, taken in the three weeks prior to President Clinton's welfare reform message on June 14, found that New Yorkers believe:

- welfare recipients and fathers of welfare children should work;
- welfare benefits should be limited in duration, lest they induce dependency;
- families are important -- it is wrong for parents to avoid their obligation to support their children;
- government has a responsibility to nurture work and self-sufficiency; and
- welfare recipients should get the help they need to get off welfare and back to work.

"New Yorkers see welfare as a necessity -- as a temporary safety net, a transition during temporary financial emergencies to the world of work," according to Douglas Muzzio, co-director of the Empire State Survey. "They perceive a need for job training, schooling, child care, transportation aid, and guaranteed health insurance."

"New Yorkers want to change the welfare system in New York State and the nation. They hold out high hopes for a wide array of changes in state and national welfare efforts but have low expectations that there will be significant reform soon. Or, that reforms will cost less in the short run," said Muzzio.

"New Yorkers, most of all, agree on the value of work; it represents a core social belief of New Yorkers. They want to increase the pressure to work -- mainly through time limits of welfare receipts -- and increase the rewards of working. To New Yorkers, welfare recipients have a responsibility to make every effort to support

themselves through work. They are ambivalent about whether need or greed is the main reason for going on welfare, but they have no ambivalence about the need to get recipients off the dole," according to Richard J. Behn, the survey's other co-director and executive director of the Lehrman Institute.

The highest level of agreement in the survey was accorded to a statement by former New York City Mayor Edward I. Koch who said, "Welfare should be treated as a response to a temporary emergency, not as a permanent way of life." Among New Yorkers surveyed, 97% agreed and only 2% disagreed.

A quotation from Harlem Congressman Charles Rangel drew the second highest level of agreement from respondents. Nearly everyone (95%) agreed that "If you can keep people off welfare, working, off the streets and paying taxes, that's a hell of a lot better than abandoned buildings and people on welfare in the streets." That included 83% who strongly agreed with the statement. Only 3% disagreed.

Respondents, however, were somewhat less sure of the motivations of welfare recipients. Only 63% agreed with President Clinton that "Most people who are on welfare are yearning for another alternative, aching for the chance to move from dependence to dignity." About one of three New Yorkers (32%) disagreed with the statement.

THE SOLUTIONS

New Yorkers' opinions about welfare reform follow many of the same principles as President Clinton's welfare reform plan. According to the Empire State Survey, they want to increase training and insurance coverage for welfare recipients but want to end unlimited subsidies. Nearly two out of three (67%) of those surveyed favored applying time limits to single parents with children under one year of age. Three out of five (60%) favored applying limits to single parents with drug or alcohol problems or families that the government cannot find a job for.

New Yorkers (62%) also support cutting off welfare to legal immigrants until they become citizens. Only one third of New Yorkers (34%) disagree with such a cutoff. ✓

President Clinton has also supported state experiments with limiting welfare for families who have additional babies while on welfare. Among New Yorkers, surveyed, 70% agreed that there should not be an increase in welfare benefits when people on welfare have additional children. That included 58% who strongly agreed with that statement; only 27% who disagreed.

One of the largest majorities in the poll was accorded to a statement by New Jersey State Assembly Minority Leader Wayne Bryant: "If a person wants to enlarge their family while on welfare, they should go to work to support the additional children like any other working family." That comment drew support from 91% of the respondents.

New Yorkers do not believe that the government should give additional assistance to unwed mothers on welfare who marry the father of their children. Only 37% support that proposal and 59% oppose it. ✓

New Yorkers do believe that unmarried mothers under 18 should be required to live with a parent or guardian in order to be eligible for welfare. More than six of ten New Yorkers (61%) agree with the proposal compared to 34% who disagree.

Governor Cuomo's suggestion that "The best thing we can do to avoid the disastrous cycle of poverty for many of our families is to stop children from having children" drew strong backing. Almost nine out of ten (88%) of New Yorkers agreed with their governor.

Governor Cuomo's comment drew more accolades than a somewhat similar comment from President Clinton when he said that "This country would be a lot better off if children were born to married couples." Almost three out of four New Yorkers (73%) agreed with Clinton.

A slight majority (51%) agreed with former Vice President, Dan Quayle that "Marriage is probably the best anti-poverty program of all." About 45% disagreed. A larger majority (62%) agreed with Nation of Islam Minister Louis Farrakhan that welfare is "subsidizing women to have babies." About one third (34%) disagreed.

Only 41% agree with welfare critic Charles Murray's statement that "Forcing a young single woman to find a way of supporting a child will lead many who should not be mothers to place their babies for adoption. This is good." Virtually the same proportion (40%) disagreed with that statement.

New Yorkers also support Medicaid funding of childbirth expenses for poor women. Seven of ten New Yorkers (70%) agree with funding and 20% disagree. Much more controversial is Medicaid funding of abortion expenses. A majority (52%) support such funding while 40% of New Yorkers oppose it. A majority (52%) also oppose requiring welfare mothers to accept contraceptive implants. But 43% of New Yorkers do favor the proposal, including 36% who strongly support it.

A strong majority (83%) favor providing guaranteed health insurance so poor people without health coverage don't quit their jobs or stay on welfare to get Medicaid. Only 14% oppose this idea.

New Yorkers, however, are skeptical about arbitrary and complete welfare cutoffs. A very strong majority (78%) disagreed with a proposal to "limit welfare benefits to two years and do not allow people to get back on welfare ever." Just 19% agreed with the proposal.

However, if the proposal was to "limit welfare benefits to two years and do not allow people to get back on welfare for at least five years," then 57% agreed and only 39% disagreed.

That does not mean that New Yorkers are soft on welfare recipients. More than nine of ten New Yorkers (93%) believe in requiring job training for those on welfare, and after two years requiring them to work (an element of President Clinton's welfare reform package). An equal proportion (93%) believe that fathers of children on welfare should be required to work. Only 5% disagreed with this proposal.

Almost as many (94%) believe that able-bodied welfare recipients should be required to work off their grants by performing community service. Just 5% disagree.

At the same time, seven of ten New Yorkers (72%) support increasing the minimum wage to make work a more attractive alternative to welfare. Only one quarter (26%) oppose such an increase.

Even more New Yorkers (82%) believe that government should pay for child care and transportation for welfare recipients who work or are in job training or education courses. Just 15% oppose such payments.

A narrow majority (53%) believe that welfare payments should be equalized in all 50 states even if this means an increase or decrease in payments in some states. A substantial minority (43%) oppose such equalization.

New Yorkers do not believe, however, in subsidizing drug or alcohol abuse. Two of three New Yorkers (67%) believe in making welfare recipients who test positive for drug or alcohol abuse ineligible for further welfare benefits. Only 30% oppose the proposal. ✓

An even greater number (86%) believe in making welfare recipients who commit a serious crime while on welfare ineligible for further benefits. Three of four New Yorkers (74%) strongly agree with that suggestion and only 11% disagree.

New York State has instituted a limited program of fingerprinting welfare applicants. (It will be expanded to 12 upstate counties this year and the Department of Social Services has given permission for fingerprinting of Home Relief recipients statewide.) Fingerprinting is supported by 79% of New Yorkers, including 68% strongly. Only 18% oppose such a program.

When it comes to which political party in New York State is more like to reform the welfare system, New Yorkers don't show much confidence in either. Republicans with 31% have the smallest possible edge over Democrats (30%) in the proportion of New Yorkers who think they will do the best job. But an even larger proportion (36%) either thought that neither party would do a good job or both parties would.

THE PERCEPTIONS

New Yorkers have mixed feelings about the poor and those on welfare. On the one hand, nearly half (47%) think that the living conditions of poor people have been getting worse over the last five years rather than getting better (16%) while 30% thought these conditions had remained the same.

Moreover, over half (53%) say that they are more sympathetic to the poor than they were five years ago -- compared to 26% who are less compassionate.

Clearly, New Yorkers do not totally reject the notion of welfare. When given a choice of three statements to represent their opinions on welfare, an overwhelming 85% chose "Welfare is necessary but it should be used only as a short-term solution to help during temporary financial emergencies brought on by unemployment or illness but not as a permanent way of life." Only 6% agreed that "Welfare should be abolished because it makes people lazy and dependent on the government instead of having them stand on their own feet." Another 7% said that "Welfare is absolutely necessary for those people who simply can't cope in our highly competitive society."

Overwhelmingly, New Yorkers think that the goal of welfare reform should be to give poor people the skills they need to become self-sufficient (79%). Only 10% say that cutting the cost of welfare programs is the chief reform goal. Both goals were cited by 8% of those surveyed and 2% rejected both goals.

However, more New Yorkers (41%) think that welfare recipients could get along without it if they tried than believe that most welfare recipients really do need this help (37%). Another 18% volunteered an intermediate position.

Furthermore, a clear majority (53%) think that out-of-state people move into New York State in order to get higher welfare payments - compared to 19% who think this is not true.

Only 26%, however, think that welfare payments in New York State are too high -- compared to 15% who think they are too low. Nearly a quarter (22%) think that the level of payments is about right and more than third (36%) did not have an opinion.

Nearly half of those surveyed (47%) think that the average welfare recipient stays on welfare for more than five years. Another 18% said the average was two-four years and 11% said it was one-two years. Another 14% chose time periods of less than one year. In reality, the average welfare recipient in New York State stays on the rolls for 2.5 years.

When asked which was the more serious welfare problem -- families not getting enough welfare benefits to get by or families getting more benefits than they need, 40% cited greed as the bigger problem while only 33% said need. Both need and greed were mentioned by 10% while 8% rejected both alternatives.

New Yorkers are suspicious of those at both ends of the income spectrum. Asked which is a bigger problem for this country right now -- rich people not paying their fair share of taxes or people on welfare getting benefits they don't deserve, 37% said the rich not paying enough taxes and 31% said welfare recipients getting undeserved benefits. Another 21% cited both groups. ✓

Nearly three out of five New Yorkers (59%) agree that the welfare system encourages teenagers to have babies. Just 40% rejected that review. Two of three New Yorkers agreed with Forbes Magazine Editor-in-Chief Malcolm Forbes, Jr., when he wrote, "Illegitimacy is rising rapidly, regardless of race, because girls mistakenly feel that pregnancy gives them money and independence." Only 29% disagreed with Forbes' conclusion compared to 67% who agreed. ✓

New Yorkers are skeptical about the ambition and motivation of welfare recipients. More New Yorkers (48%) think that welfare recipients don't want to work than think that they really do want to work (42%). And 57% think that jobs are available for most welfare recipients who really want to work while only 38% think those jobs are not available.

When asked to volunteer their own opinion about the most important factor why people are on welfare, New Yorkers split between the top two suggestions -- those who think the prime cause is a lack of good-paying jobs (21%) and those who think that the prime cause is lack of motivation by welfare recipients (22%).

New Yorkers have a clear bias toward both work and job training. About six of ten (59%) think that welfare recipients don't have the skills they need to join the work force. The same percentage (59%) think that federal job training programs are effective at helping welfare recipients get off welfare. A much larger proportion (77%) think that an individual with no job or work history should NOT be able to receive a bigger check on welfare than a laid-off worker who receives unemployment compensation.

Not surprisingly, 59% think that the families of the working poor are discriminated against by the welfare system. In fact, 65% think that losing Medicaid benefits is a major reason why some welfare recipients can't afford to work.

PROSPECTS FOR CHANGE

Many New Yorkers, moreover, do not believe that welfare reform is best handled at the national level. Slightly more New Yorkers believe that it is best to experiment with welfare reform at the state level (41%) than think that welfare reform is best handled at the national level (39%). Another 10% think the system is best left alone while 6% would like to eliminate all benefits.

Most New Yorkers agree with U.S. Senator Daniel Patrick Moynihan that the problems of welfare won't be solved during the Clinton Administration or any time soon. A majority of the Yorkers surveyed by the Empire State Survey (53%) agreed with a quote from the chairman of the Senate Finance Committee, who said earlier this year that "Anybody who thinks you can change something so huge [as welfare] in less than a generation is not telling the truth."

When asked if they thought President Clinton will make significant reforms in the country's welfare system, almost half (47%) of New Yorkers said "no," compared to 38% who believe he will be able to achieve

real reforms. New Yorkers are much more skeptical than Americans surveyed nationally by Gallup earlier this year; 66% of them thought that President Clinton would be able to make significant reforms.

New Yorkers have even less confidence in Governor Mario Cuomo's ability to achieve reform of the welfare system -- with 64% expressing a lack of confidence compared to only 22% who think he will be able to make significant changes in welfare in New York. New Yorkers were also less enthusiastic, however, for the contention of Governor Mario Cuomo in his State of the State address that "New York is a national leader in a welfare reform." New Yorkers rejected that boast by a 47%-34%.

One reason for New Yorkers' skepticism may be that half of those surveyed (50%) think that the current New York welfare system actually increases the number of people living in poverty compared to only 11% who think that welfare decreases the level of poverty in New York State. Another 28% think welfare has no effect on the poverty rate.

Furthermore, more than half (55%) think that the current system changes things for the worse by making able-bodied people too dependent on government aid -- compared to only 28% who think that the welfare system changes things for the better by helping people who are unable to support themselves. On this question, New Yorkers are somewhat less cynical than those in a national Times-Mirror survey earlier this year; 75% of them thought welfare changes things for the worse.

Whatever happens, New Yorkers don't think welfare reform will come cheap -- two of three New Yorkers (67%) think that welfare reform is going to cost the government more in the short term. Only 25% think it will cost the government less.

That doesn't mean New Yorkers think that welfare reform should cost more. Only 15% think that the amount of money spent on welfare should be increased while 36% think it should be decreased and 37% think it should stay the same.

THE EMPIRE STATE SURVEY

This latest poll by the Empire State Survey -- the most extensive survey of New Yorkers' attitudes on welfare to date -- is a joint project of the Empire Foundation and the Lehrman Institute. It was coordinated by Richard Behn and Dr. Douglas Muzzio, both of whom have extensive backgrounds in New York State polling and politics. Behn is the executive director of the Lehrman Institute and an instructor at The Graduate School of Political Management at George Washington University. Muzzio is a professor of political science at Baruch College. Behn, a Republican, has done extensive polling both in New York State and in Latin America. Muzzio, a Democrat, has been a polling consultant to Newsday, ABC News, The Los Angeles Times, and the Roper Organization and has conducted polls for government bodies and non-profit organizations.

The survey instrument contained 95 closed- and open-ended questions. The poll employed a random digit dial (RDD) probability sample of adult New York State residents. RDD ensures that all telephone households, listed and unlisted, are given an equal chance of being included in the sample. Respondents were selected randomly within the households, with up to four callbacks per eligible respondents. The sample was drawn by the Marketing Systems Group. Interviews were conducted both in English and Spanish.

The estimated sampling error for the entire population is $\pm 2.8\%$ at the 95% confidence level. That is, 19 out of 20 times, a probability sample of 1203 respondents will conform to the relevant populations with a maximum deviation of 2.8% in either direction. Sampling errors for subgroups will be larger than for the entire sample but will be "tolerable" for subgroups as small as 200 (an error margin of $\pm 6.9\%$).

January²⁴, 1995

WR - Ideas

MEMORANDUM FOR BRUCE REED ✓

CC: Bo Cutter
Gene Sperling
Paul Dimond

FROM: Heather Ross *HR*

SUBJECT: Welfare Reform

One way the federal government could work with states to reform welfare is by moving toward an unemployment-insurance-like program, separate from the existing UI system but modeled on it in key respects. [See attached outline.]

Given the work image and work focus we are after, and the characteristic instability at the low end of the job market, this is a natural.

It also fits with other initiatives of the Administration -- especially empowering people (and holding them responsible) to invest in their own skill preparation.

This is a paradigm shift. Whether it is more generous or less generous than the current system depends on funding choices that are made for its three distinct elements -- the initial endowment, the UI-like credits, and the back-stop work program. However these choices are made, just making the shift will demonstrably meet the President's pledge to end welfare as we know it.

Do you see any role for this approach in current Administration thinking on welfare reform?

Attachment: PARENT RE-EMPLOYMENT PROGRAM

PARENT RE-EMPLOYMENT PROGRAM

PREP is a shift in assistance for low-income families with children and work-capable adult(s) to an unemployment insurance model, patterned to the extent possible on the Administration's unemployment insurance/dislocated worker program.

- * recognizably ends welfare as we know it
- * adopts a familiar approach that expresses society's work objectives and parallels arrangements available to the population generally
- * addresses the sporadic nature of much low-income employment
- * makes a time limited element a natural feature.

The core of PREP is an unemployment system, with a front-end endowment for new entrants and a back-end safety net for those who exhaust their benefits (see attached chart.)

Everyone entering PREP for the first time receives a two-year endowment of benefits in the form of a cash stipend and access to an array of work-oriented services. Those subsequently finding regular employment earn credits toward further 26-week tranches of benefits in the event they become unemployed.

People who exhaust their endowment without finding regular employment, or people who find employment but whose work patterns are so sparse that they eventually exhaust their endowment as well as any credits they earn, can participate in a work experience pool.

The work experience pool pays a portion of the endowment stipend for a standard number of hours a week of program-sponsored work. Such work is not regular employment for purposes of PREP credit or EITC.

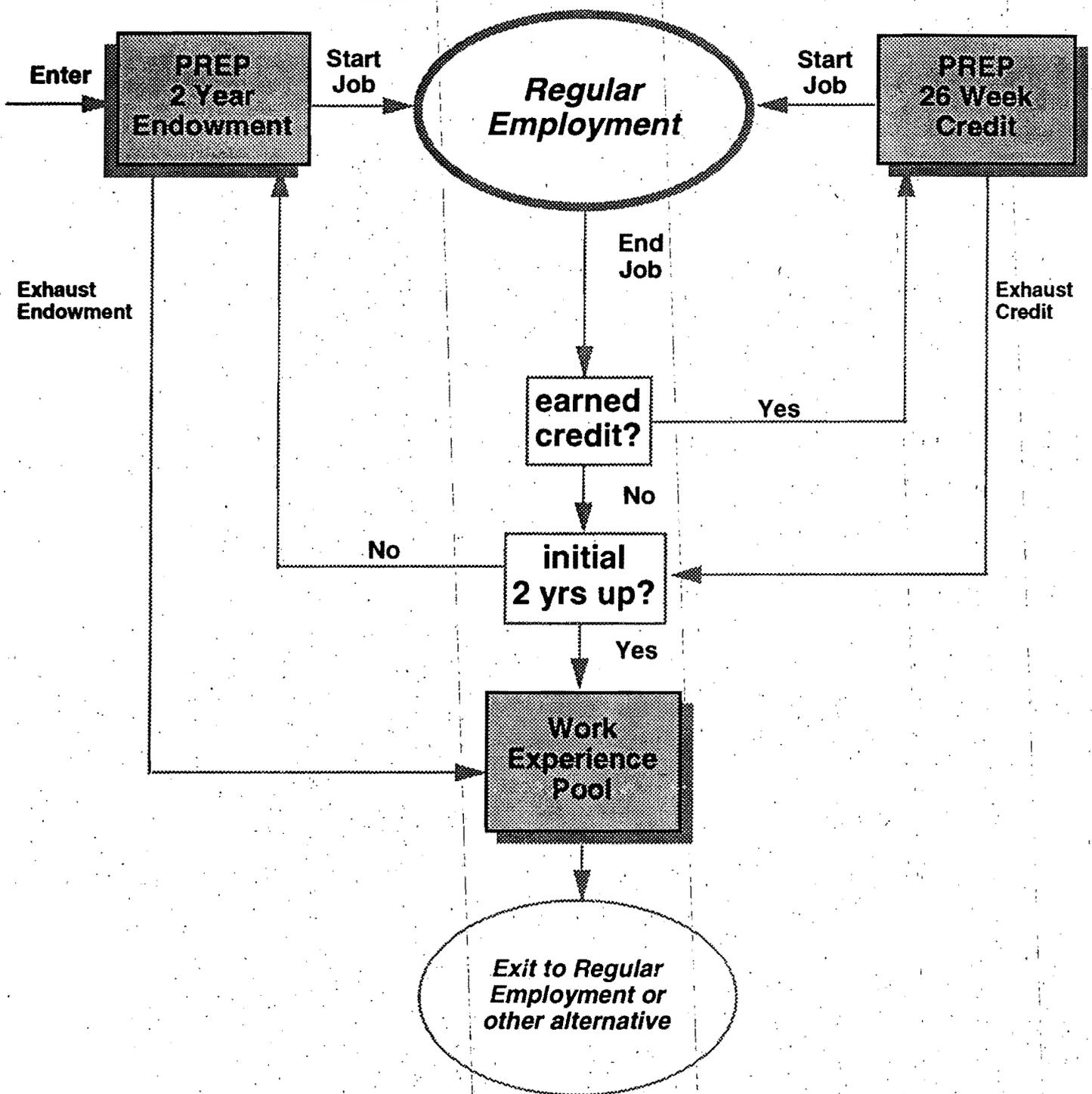
For people who move in and out of work, a common experience at the low end of the labor market, PREP is like unemployment insurance. For those who exhaust benefits -- both the endowment and any earned credits -- the work experience pool is a last resort. It is not time limited, but always less attractive than regular employment which pays more, earns PREP credit and draws EITC.

This approach poses the usual welfare reform questions as to eligibility, generosity, incentives, etc., but in a constructive new context:

- * Who are the work-capable to be placed in PREP?
Those not expected to work, and their dependents, belong elsewhere -- eg., SSI, disability ...
- * What are endowment benefit levels, service features, cumulative duration of benefits (two years in this example)?
- * What are crediting rules for further benefits based on regular employment?
- * Are credit-earned benefits the same as endowment benefits, and how long do they last (in this example 26 weeks once eligibility established, mirroring unemployment insurance)?
- * How well-resourced should the work experience fail-safe be, both in stipend and job content?
This will be particularly important early on, when a large backlog of long-term welfare recipients is likely to filter through any service program and arrive at the backstop in sizable numbers.
- * How can the transition between family-size-based PREP stipends and productivity-based wages best be effected?
Note that participants, again modeled on the unemployment insurance program, do not receive PREP payments as a low-wage supplement during periods in which they are employed.
- * How can EITC frequency best be geared to sporadic work patterns?
The EITC is now a significant income supplement for poor families with earners. For it to realize its great potential (fighting poverty for those in the workforce without pricing them out of it), it must continue to move away from once-a-year filing and lump-sum refund toward more frequent payments based on current labor-market status.
- * Should employers be asked to do more?
Using the EITC rather than the minimum wage to address poverty, and publicly funding PREP as an AFDC replacement (no employer contribution) will foster both labor demand and supply, which is desirable. However, some employer contribution could be added to PREP; it would not be as comprehensive as employer taxes supporting unemployment insurance, but might have some form of experience rating.

The paradigm shift to PREP helps to answer the old welfare reform questions through a structure that better organizes government benefit and service provision toward work, gives better work-oriented signals and supports to recipients, and resonates better with the general public.

Parent Re-Employment Program



PREP 2 year endowment: Cash stipend plus array of work-oriented services (market information and intermediation, human capital formation, personal support) paralleling unemployment insurance/dislocated worker framework to extent possible.

PREP 26 Week Credit: Same benefit package as endowment, but for shorter period

Work Experience Pool: Cash stipend at less than endowment level for standard prescribed hours of program-sponsored work. Access to endowment services on an exception basis at discretion of program. Not time limited.

WR Ideas

1 to have brought a gun to a school under the jurisdiction
2 of the agency.

3 **"TITLE X—COORDINATED**
4 **SERVICES PROJECTS**

5 **"SEC. 10001. FINDINGS AND PURPOSE.**

6 **"(a) FINDINGS.—**The Congress makes the following
7 findings:

8 **"(1) Growing numbers of children are nega-**
9 **tively affected by influences outside of the classroom**
10 **which increase their risk of academic failure.**

11 **"(2) Factors such as poor nutrition, unsafe liv-**
12 **ing conditions, physical and sexual abuse, family and**
13 **gang violence, inadequate health care, unemploy-**
14 **ment, lack of child care and substance abuse ad-**
15 **versely affect family relationships and the ability of**
16 **a child to learn.**

17 **"(3) Almost half of all children and youths live**
18 **in a single parent family for some period of their**
19 **lives, while many others live in families with two**
20 **full-time working parents.**

21 **"(4) Access to health and social service pro-**
22 **grams can address the basic physical and emotional**
23 **needs of children so that they can fully participate**
24 **in the learning experiences offered them in school.**

1 “(5) Services for at-risk students need to be
2 more convenient, less fragmented, regulated and du-
3 plicative in order to meet the needs of children and
4 their families.

5 “(6) School personnel, parents, and support
6 service providers often lack knowledge of, and access
7 to, available services for at-risk students and their
8 families in the community, and have few resources
9 to coordinate services and make them accessible.

10 “(7) Service providers, such as teachers, social
11 workers, health care and child care providers, juve-
12 nile justice workers and others, are often trained in
13 separate disciplines that provide little support for
14 the coordination of services.

15 “(8) Coordination of services is more cost effec-
16 tive because it substitutes prevention for expensive
17 crisis intervention.

18 “(9) Coordinating health and social services
19 with education can help the Nation meet the Na-
20 tional Education Goals by ensuring better outcomes
21 for children.

22 “(b) PURPOSE OF COORDINATING SERVICES.—The
23 purpose of this section is to provide elementary and sec-
24 ondary school students and their families better access to
25 the social, health and education services necessary for stu-

1 dents to succeed in school and for their families to take
 2 an active role in ensuring that children receive the best
 3 possible education.

4 **"SEC. 10002. DEFINITIONS.**

5 “(a) The term ‘coordinated services project’ refers to
 6 a comprehensive approach to meeting the education,
 7 health, social service, and other needs of children and their
 8 families through a communitywide partnership that links
 9 public and private agencies providing such services
 10 through a coordination site at or near a school.

11 “(b) An ‘eligible entity’ is a local educational agency,
 12 individual school, or consortium of schools.

13 **"SEC. 10003. PROJECT DEVELOPMENT AND IMPLEMENTA-**
 14 **TION.**

15 “(a) **PROJECT PLANS.**—Eligible entities exercising
 16 their authority under Sec. 9206(2) shall submit to the
 17 Secretary of Education an application for the development
 18 of a plan or a plan for the implementation of a coordinated
 19 services project.

20 “(b) **PROJECT DEVELOPMENT.**—The application for
 21 the development of the coordinated services project, which
 22 can last for up to 1 year, shall:

23 “(1) demonstrate that an assessment will be
 24 performed of the economic, social, and health bar-
 25 riers to educational achievement experienced by chil-

1 dren and families in the community, and the local,
 2 State, federal, and privately funded services avail-
 3 able to meet such needs;

4 “(2) identify the proposed membership of the
 5 coordination partnership, including parent represent-
 6 atives; and

7 “(3) identify any other measures that will be
 8 taken to develop a comprehensive plan for the imple-
 9 mentation of a coordinated services project or
 10 projects.

11 “(c) PROJECT IMPLEMENTATION.—Eligible entities
 12 that have completed a children and families needs assess-
 13 ment and that have established a coordinated services
 14 project partnership as described in subsection (b) shall
 15 submit a plan for implementation or expansion of a coordi-
 16 nated services project. Such plan shall include:

17 “(1) the results of the children and families
 18 needs assessment;

19 “(2) the membership of the coordinated services
 20 project partnership;

21 “(3) a description of the proposed coordinated
 22 services project developed and agreed to by all the
 23 members of the coordination partnership;

24 “(4) the objectives of the coordination project;

1 “(5) the performance measurements that will be
2 used to assess how effectively such objectives are
3 met;

4 “(6) how the coordinated service project will be
5 staffed, including a plan for interagency staff train-
6 ing and development;

7 “(7) the location of the coordinated service
8 project; and,

9 “(8) an assessment of the feasibility of a sliding
10 scale fee for services that will be delivered.

11 **“SEC. 10004. USES OF FUNDS.**

12 “(a) Funds utilized under the authority of Sec.
13 9206(2) may be used for activities that meet the purposes
14 of this Title, which include, but are not limited to—

15 “(1) hiring a services coordinator;

16 “(2) making minor renovations to existing
17 buildings;

18 “(3) purchasing basic operating equipment;

19 “(4) improving communications and informa-
20 tion-sharing between members of the coordinated
21 services project partnership;

22 “(5) providing training to teachers and appro-
23 priate personnel concerning their role in a coordi-
24 nated services project;

1 “(6) conducting the needs assessment required
2 in Section 1103(b)(1) and assessment updates as
3 appropriate; and

4 “(7) assessing the feasibility of utilizing a slid-
5 ing scale fee for services that will be delivered.

6 “(b) Projects operating under the authority of this
7 title shall comply with the requirements of Sec. 1122(b).

8 **“SEC. 10005. CONTINUING AUTHORITY.**

9 “The Secretary shall not approve the plan of any
10 project which fails to demonstrate that it is achieving ef-
11 fective coordination after 2 years of implementation.

12 **“SEC. 10006. FEDERAL AGENCY COORDINATION.**

13 “(a) AGENCY COORDINATION.—The Secretaries of
14 Education, Health and Human Services, Labor, Housing
15 and Urban Development, Treasury, and Agriculture, and
16 the Attorney General shall review the programs adminis-
17 tered by their agencies to identify barriers to service co-
18 ordination.

19 “(b) REPORT TO CONGRESS.—Such Secretaries and
20 the Attorney General shall submit jointly a report to the
21 Congress not later than 2 years after the date of the en-
22 actment of the Improving America’s Schools Act, based
23 on the review required under paragraph (a) recommending
24 legislative and regulatory action to address such barriers,

1 and during this time, shall use waiver authorities author-
 2 ized under this and other Acts.”

3 **TITLE II--AMENDMENTS TO THE**
 4 **GENERAL EDUCATION PROVI-**
 5 **SIONS ACT**

6 **PART A--APPLICABILITY OF THE**
 7 **GENERAL EDUCATION PROVISIONS ACT**

8 **SEC. 211. TITLE; APPLICABILITY; DEFINITIONS.**

9 Section 400 of the General Education Provisions Act
 10 (20 U.S.C. 1221 et seq.; referred to in this title as “the
 11 Act”) is amended to read as follows:

12 **“TITLE; APPLICABILITY; DEFINITIONS**

13 **“Sec. 400. (a) This title may be cited as the ‘General**
 14 **Education Provisions Act’.**

15 **“(b)(1) Except as otherwise provided, this title ap-**
 16 **plies to each applicable program of the Department of**
 17 **Education.**

18 **“(2) Except as otherwise provided, this title does not**
 19 **apply to any contract made by the Department of Edu-**
 20 **cation.**

21 **“(c) As used in this title, the following terms have**
 22 **the following meanings:**

23 **“(1) The term ‘applicable program’ means any**
 24 **program for which the Secretary or the Department**
 25 **has administrative responsibility as provided by law**
 26 **or by delegation of authority pursuant to law. The**

1 term includes each program for which the Secretary
 2 or the Department has administrative responsibility
 3 under the Department of Education Organization
 4 Act or under statutes effective after the effective
 5 date of that Act.

6 “(2) The term ‘applicable statute’ means—

7 “(A) the Act or the title, part, section, or
 8 any other subdivision of an Act, as the case
 9 may be, that authorizes the appropriation for
 10 an applicable program;

11 “(B) this title; and

12 “(C) any other statute that by its terms
 13 expressly controls the administration of an ap-
 14 plicable program.

15 “(3) The term ‘Department’ means the Depart-
 16 ment of Education.

17 “(4) The term ‘Secretary’ means the Secretary
 18 of Education.

19 “(d) Nothing in this title shall be construed to affect
 20 the applicability of title VI of the Civil Rights Act of 1964,
 21 title IX of the Education Amendments of 1972, title V
 22 of the Rehabilitation Act of 1973, the Age Discrimination
 23 Act, or other statutes prohibiting discrimination, to any
 24 applicable program.”

Use

Quayle Revisits Old Theme In Speech About U.S. Values

file:
WR-
Ideas

By Dan Balz
Washington Post Staff Writer

SAN FRANCISCO, Sept. 8—Former vice president Dan Quayle returned to the scene of his infamous "Murphy Brown" speech today and opened up a broad new front in his attack on the "poverty of values" in America.

Continuing along a comeback trail he hopes will transform him from a ridiculed former vice president to a serious presidential candidate, Quayle said the country is living the consequences of a generation of feell-good morals and the absence of an ethical code of conduct for young people. He said the impact has been especially harsh on fatherless children in the inner cities.

"Our poverty of values spares no group," Quayle said in a speech to the Commonwealth Club of San Francisco. "The pop philosophy of the 1960s—all truths are relative"—has taken root and it is bearing bitter fruit. The ills we sometimes attribute to welfare queens and deadbeat dads are actually manifestations of an ethical cancer that has metastasized through all levels of society."

As in 1992, he said many of society's institutions, from the entertainment industry and the media to the religious and political institutions, bear responsibility for the problem.

"Little wonder then that so many young people live among ethical chaos," he said. "Everywhere they turn for guidance they see behavior that is wrong and yet is accepted, even in church. . . . It's time for each profession and discipline to set its own house in order."

Quayle's 1992 speech sparked what he has described in his book, published this spring, as the "ideological firestorm of my vice presidency." In that speech, delivered shortly after the riots in Los Angeles that were sparked by an initial verdict in the Rodney King trial, Quayle decried the dissolution of the family structure in America and added:

"It doesn't help matters when prime time TV has Murphy Brown—a character who supposedly epitomizes today's intelligent, highly paid, professional woman—mocking the importance of fathers, by bearing a child alone and calling it just another lifestyle choice."

Quayle found himself mocked in the press, ridiculed on television, and the target of an episode of the "Murphy Brown" show.

Since then, he has been treated more generously. The Atlantic magazine ran a cover story last spring titled, "Dan Quayle was right," and even Health and Human Services Secretary Donna E. Shalala, in testimony before Congress, said his



"The pop philosophy of the 1960s—all truths are relative"—has taken root and it is bearing bitter fruit."

—Dan Quayle

overall conclusions—that children who live in households with two parents present have a better chance to make it in society—was correct.

Today he said his criticism of Murphy Brown was meant to raise alarms about absent fathers and fatherless children, not single out single mothers for attack. "What I was talking about then, and what I am reiterating today, is the importance of fathers. . . . Raising a child is not just a mother's responsibility, it is a father's responsibility too."

He called illegitimacy a pathology that continues to spread. "And no wonder," he added. "If children grow up never knowing their father, they're bound to assume that fathers are irrelevant and that males are not accountable."

Quayle could not have asked for a better reception for what is the first of several major speeches he plans this fall as part of his effort to test the waters for 1996.

Cable News Network and C-SPAN carried the speech live and Quayle received a standing ovation at the start and conclusion of his speech. Afterward, more than 100 people lined up to have him autograph copies of his best-selling book, "Standing Firm."

He also took time out from the speech to criticize President Clinton on foreign policy. In an interview on NBC's "Today" show, Quayle charged that Clinton is preparing to invade Haiti largely for political rea-

sons. "We're sick when we see that the president of the United States is thinking about invading Haiti to try to increase his standing in the public opinion polls," he said.

White House press secretary Dee Dee Myers dismissed Quayle's charge: "Obviously, the president is going to make decisions about . . . Haiti based on what he thinks is in the best interest of the United States."

But the ghosts of his vice presidency trailed him this week on the comeback trail as Quayle was forced to fend off a report from the new book by political handlers Mary Matalin and James Carville that the Bush campaign had found that Quayle was a drag on the ticket in 1992.

In his speech, Quayle said Americans are pessimistic about their country because they "sense that something is missing amid all our affluence, some common ethical code that could set a clear standard for behavior."

The result he said was public policy that reflects a philosophy of "rights and entitlements rather than responsibility" and that it shows up most painfully in fatherless homes."

Quayle said one way to change things is through welfare reform, but he cautioned that emphasis on putting welfare mothers to work was only a partial answer. "I'm in favor of work requirements," he said. "But I want them to apply to fathers, whether they live in the household or whether they are absentees."

Other Quayle remedies ranged from family-friendly tax policies to distribution of welfare benefits in churches and synagogues. But he said the real solution lies in the "little platoons" of citizens working together.

Society must deal with root causes, he said, but won't be able to as long as "the rich and famous" engage in the "same kind of reckless and irresponsible behavior we deplore among the underclass." He added that "this value-free atmosphere has affected even our most prestigious professions," and said Hollywood and professional sports "are in a league of their own."

He also said that politicians would rather deal with symptoms, not causes, and pointed to what he described as an ineffective crime bill.

Quayle took questions after his speech, and when asked what his current handicap is—a reference to his love of golf, Quayle got in one last dig. "My handicap is the same as it has been ever since I became vice president," he said. "The news media."

THE WASHINGTON POST FRIDAY, SEPTEMBER 9, 1994

WR - Ideas

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, CA 95814



August 29, 1994

Bruce Reed, Deputy Assistant to the President
Old Executive Office Building, Room 216
Washington, D.C. 20500

Dear Mr. Reed:

I am sending this letter to you, David Ellwood, and Mary Jo Bane in your capacity as co-coordinators of President Clinton's Welfare Task Force.

California has been very supportive of federal efforts to achieve greater conformity between the Aid to Families with Dependent Children (AFDC) and Food Stamp programs, including President Clinton's current proposal regarding this issue. In addition, we have put substantial effort, including state legislation, into our own AFDC and Food Stamp Compatibility Demonstration Project. The Project proposal is being considered at this time by both the Department of Health and Human Services (DHHS) and the United States Department of Agriculture (USDA). However, all efforts to bring these two programs into conformity are undermined by actions in one program that do not consider the impact on the other program.

The DHHS, Administration for Children and Families (ACF), Office of Family Assistance released an AFDC Action Transmittal, ACF-AT-94-12, on May 27, 1994. The action transmittal reinterprets AFDC policy with respect to temporary disability insurance payments and temporary worker's compensation payments.

The policy reinterpretation changed the treatment of temporary disability and worker's compensation payments from unearned income to earned income. AFDC assistance units now will receive the earned income deduction on this income when their AFDC benefits are being calculated. Unfortunately, a corresponding change was not made for the USDA, Food Stamp Program, and these payments will continue to be treated as unearned income. There is now one more area of inconsistency between the two programs.

Bruce Reed
Page Two

We recognize that increasing conformity is not an easy task. Therefore, there must be a methodical approach to ensure that all effort results in positive changes that eliminate confusion and frustration for clients as well as administrative staff who must deal with the variety of differences in program requirements. To this end, maintenance of conformance on an ongoing basis is essential.

If you have any questions or comments, please don't hesitate to contact me at (916) 657-2598 or Mr. Michael Genest, Deputy Director of the Welfare Programs Division, at (916) 657-3546.

Sincerely,


ELOISE ANDERSON
Director

c: American Public Welfare Association
Secretary Mike Espy, USDA
Secretary Donna Shalala, DHHS

SIDLEY & AUSTIN
A PARTNERSHIP INCLUDING PROFESSIONAL CORPORATIONS

WR - IDEAS

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TOKYO

FOUNDED 1866

December 14, 1993

WRITER'S DIRECT NUMBER

Mr. Bruce Reed
Staff/Domestic Policy Council
The White House
Old Executive Office Building
17th Street & Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. Reed:

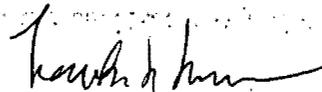
As an old friend of Al From, I was especially pleased to see the article about you in the December 10 *Wall Street Journal*. I think I may have now found the right person to approach with my suggestion.

I read in *The New York Times* the enclosed story about adult volunteers in a rough section of North Philadelphia who guard children as they go and come from school. The program was organized by neighborhood churches. But it operates only one day a week because there are not enough volunteers.

Why do we have to rely on volunteers when there are plenty of people without work who want jobs and who are now paid not to work? Why not give them a job with value, dignity and self-respect? Why not take the funds now spent on welfare and other programs and redirect these funds to employ men and women as assistants to police officers? If you add up our current system of housing subsidies, medical care, welfare payments, food stamps, aid to dependent children, health care benefits--any and all other local, state and federal program funds--this means about \$30,000 a year. Why not use the \$30,000 for a job useful to citizen safety in our neighborhoods?

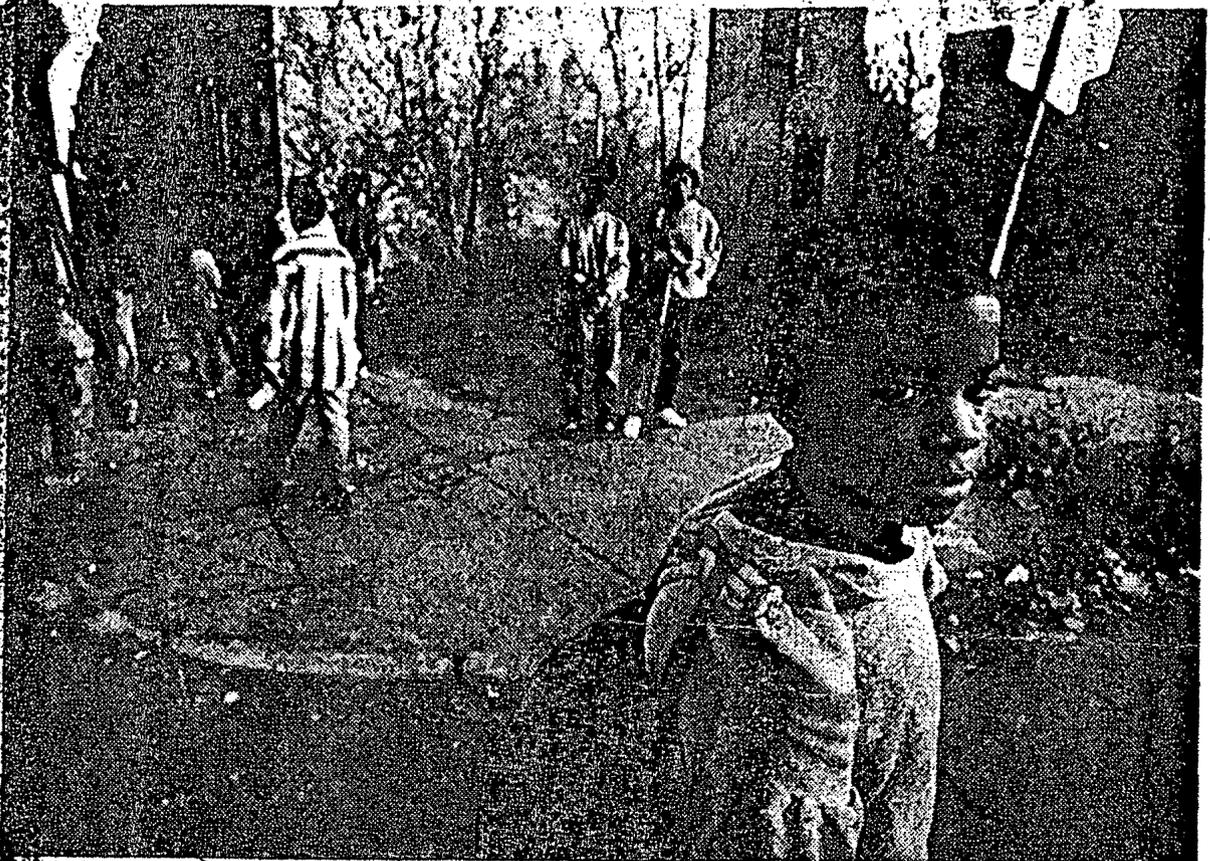
As Chairman of the Carnegie Corporation of New York (I succeeded Warren Christopher in January), I have been trying to get this idea before some people in the Administration. If you agree with the idea, could you carry the ball?

All good wishes,



Newton N. Minow

NNM:ks
Enclosure



Bill Cramer for The New York Times

They said, 'Give me your money, or damage will be done,' said Timothy Atkins, who was mugged last month walking home from school. Since then,

Roberts Vaux Middle School and six churches in North Philadelphia have organized adult volunteers to create a "safe corridor" for the 960 students.

Adults Guard Children Between School and Home

By MICHAEL deCOURCY HINDS
Special to The New York Times

PHILADELPHIA, Nov. 27 — Last month, two teen-agers mugged 11-year-old Timothy Atkins while he was walking to his sixth-grade class at the Roberts Vaux Middle School here. They said, 'Give me your money, or damage will be done,' Timothy said. 'I gave them 50 cents. That was my lunch money.'

Timothy must walk through seven blocks of one of the roughest sections of North Philadelphia to get to school — past a housing project, burned-out buildings, crack houses and vacant

lots. To protect him and the other students who walk the same route, the school and six neighborhood churches have organized a phalanx of adult volunteers. While most school-crossing guards are concerned with traffic, these are on the lookout for drug dealers, armed teen-agers, muggers and peddlers.

'I like it because you can find more ways to go home without any trouble,' Timothy said.

The program, which began earlier this month, provides a "safe corridor" through the neighborhood for the school's 960 children as they walk to school or home. It operates only one

day a week, but organizers hope to recruit enough volunteers to extend it to every school day.

Each Monday, about 20 adult volunteers, clad in bright orange sweatshirts and armed only with two-way radios, take their places at a dozen intersections between the school, at 23d and Master Streets, and North Broad Street, a major thoroughfare that cuts through the center of the city.

In addition to this adult supervision, the six sponsoring churches along the route open their doors to provide havens for children in emergencies.

In announcing the program, the Rev. Jesse Brown, the president of the Black Clergy of Philadelphia and Vicinity, said that his organization was joining with parents and educators around the city to create a network of safe corridors for schoolchildren.

"Children come to school, not to duck bullets, but to get an education," Mr. Brown said.

Similar in nature to programs proposed around the country by the Rev. Jesse Jackson, the idea of safety corridors has been under discussion here since June.

"Our goal is that every child should not have to worry about being hurt on the way to or from school," said Frank J. Murphy, Vaux's vice principal. "The

fear is pervasive enough that I would say I see at least two parents a week who want to transfer kids to another school because of safety concerns on the street."

But, Mr. Murphy added, the school district does not generally permit transfers among neighborhood schools at lower or middle school levels.

The police do not have separate crime statistics for North Philadelphia, but Officer Michael E. O'Mara at the 23d Precinct said the neighborhood around the Vaux school was "a pretty rough district." He said there was less crime this school year than in recent years, in part because of an increase in police patrols in the morning and afternoon.

At a recent news conference on Master Street announcing the safe-corridor program, the Rev. William B. Moore said, "Our standing here is our commitment and our resolve to take back our streets."

Mr. Moore is pastor of the Tenth Memorial Baptist Church near the Vaux school and is the primary organizer of the safe-corridor program. His wife, Pauline, is a volunteer guard. She said drug sellers moved away when they saw her coming. "Ain't right!" she exclaimed, punching the air with her fist. "The



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202-879-4400

ALBERT SHANKER
PRESIDENT

EDWARD J. McELROY
SECRETARY-TREASURER

WR - IDEAS

cc: Kathi
Jeremy
Bill Galston

April 13, 1994

Bruce Reed, Deputy Assistant to
the President for Domestic Policy
Domestic Policy Council, The White House
Room 216, Old Executive Office Building
Washington, D.C. 20500

IS THERE A WAY WE CAN
 earmark family preservation \$
(OR ANOTHER EXISTING STREAM) TO
 DO THIS AS PART OF
 WELFARE REFORM ?

- BRUCE

Dear Bruce,

At long last, it is the paper we promised you on welfare reform and school readiness. As you can see from the enclosed, Al Shanker sent this on to Carol Rasco.

I will give you a ring in a few days to find out what you think about this and where we should go from here.

Best wishes,

Rachelle Horowitz
Political Director

RH:dln
opeiu#2
afcio

Enclosure



555 NEW JERSEY AVENUE, N.W.
WASHINGTON, DC 20001-2079
202-879-4400

ALBERT SHANKER
PRESIDENT

EDWARD J. McELROY
SECRETARY-TREASURER

April 12, 1994

Carol Rasco
Assistant to the President
for Domestic Policy
Domestic Policy Council
The White House
Washington, DC 20500

Dear Ms. Rasco:

I have been looking forward to meeting you when you address the AFT's Paraprofessional and School-Related Personnel (PSRP) Conference later this month. Unfortunately, recovery from surgery will keep me in New York. I thank you again for speaking to the PSRPs.

As you know, AFT staff met with Bruce Reed to discuss welfare reform, and I know that you had an excellent meeting with some of our local leaders. They were quite pleased that you understood, as they do, that while welfare is not an educational issue per se, poverty and the welfare system have a devastating impact on educating children.

For this and other reasons, we are very eager to have the administration succeed in reforming welfare. And we know -- and you know even better -- that the toughest barriers to overcome are job creation (and displacement issues), availability of child care, balancing the needs for meaningful assistance with the politics of being "tough" on welfare, and, of course, finding the money to include enough welfare recipients to make both a substantive and political impact.

We don't pretend to have the solution to all these problems, but our attached proposal for a parent education/school readiness component to welfare reform may help alleviate them. Parent education/school readiness activities could be made allowable under work/training/education requirements. If it also encompassed a usually exempt group of welfare recipients, mothers of very young children, it also could extend both the substantive and political impact of welfare reform. Since these activities keep parents and children together, child care -- a major stumbling block -- is built in. Since these activities can be supported through a differentiated staffing structure that mainly uses

Carol Rasco
April 12, 1994
Page Two

paraprofessionals with some expert supervision, job displacement is not an issue. And since these activities could be designed to identify welfare recipients who themselves could become paraprofessional parent educators and, with further education training, child-care workers on up a career ladder toward becoming professional educators, this proposal can stimulate job creation. Most of all, perhaps, it takes a large step towards preventing the creation of future generations of dependent citizens.

This relatively brief proposal is backed by a greater volume of supporting material that we would be pleased to share. And of course, I would be happy to discuss any questions or reactions you may have to the proposal.

Thanks for your attention.

Sincerely,



Albert Shanker
President

AS/dr
opeiu2aflcio
attachment

cc: Bruce Reed

WELFARE REFORM AND SCHOOL READINESS

A Proposal by the American Federation of Teachers

Changing welfare to encourage recipients to become self-sufficient entails two difficult tasks: (1) finding enough education, training, and work slots for recipients, and (2) providing child care. The American Federation of Teachers (AFT) would like to offer a proposal -- a school readiness component to welfare reform -- that would ease both of those challenges and help the administration to "end welfare as we know it."

Our proposal would grant welfare parents an additional way to prepare for self-sufficiency by enrolling in activities that will help them in their role as their children's first teachers. Parent education would be the core element in this school readiness component, supplemented by family literacy classes and other family support activities at state or local option. These programs try to build the skills of both parent and child, preparing the parent for the work force and helping the child get ready for school. Because these school readiness activities are usually led by home visitors or center-based staff, and because the programs usually stress parent-child activities, the child care problem is eliminated. This component would also be highly flexible and reinforce the administration's goal of intervening early: School readiness activities can begin as early as the prenatal period with education about maternal and child health.

The following are some of the additional reasons for a school readiness component to welfare reform:

- A school readiness component will help to break the cycle of poverty by helping both generations -- parent and child -- at once.
- A school readiness program has both substantive merit and political appeal. The nation's first education goal for the year 2000 -- that every child will start school ready to learn -- is universally embraced by elected officials of both parties, business leaders, teachers, child advocates and the general public. Polls consistently show that the public wants tougher work requirements for welfare recipients, coupled with more assistance to their children.
- School readiness activities are particularly appropriate for teenage recipients and first-time parents, as well as other welfare recipients with young children, who have typically been exempt from education, training and work requirements. Involving recipients with young children in productive activities would highlight the administration's commitment to change the culture of welfare.

- School readiness activities motivate parents to improve their lives in a way that other activities do not. Seeing the difference they can make for their own children by being involved in their own education, many parents decide to resume their own education and get off welfare. ✓
- The school readiness program could become a source of jobs for welfare recipients, who could become trained, paraprofessional parent educators. The model would be the Head Start program, in which parents often become volunteers and teacher aides who go on to earn a Child Development Associate credential. ✓

Program Design

The school readiness component of welfare reform would involve parents in activities designed to educate them about their children's health, cognitive development, social development and ways they can help their children grow and learn. The school readiness component would be designed for parents with preschool children and would target teenage parents in particular.

Because some parents with young children may be eager and able to enter the work force, participation in school readiness activities would not be mandatory. Instead, the welfare recipient could choose to enter a school readiness activity after meeting with his or her caseworker to create a self-sufficiency plan. Parents with school-age children could also participate in school readiness activities, but caseworkers would be encouraged to place such recipients in training, job search or community work first. Although most welfare families are single-parent, caseworkers would be urged to include absent parents in the school readiness program when feasible.

Parent education, which involves instruction in child health and development by home visitors or center-based staff, would be the core element in the school readiness programs. Periodic health and developmental screenings for the children could also be required.

States would also have the option of building more extensive school readiness programs by adding elements from family literacy and family support programs. Family literacy is a highly structured approach combining early childhood education, adult literacy and education, instruction in child development and parent-child play and activities. Family support is a more informal approach that includes parent education, but also stresses less structured activities such as parent discussion groups, drop-in centers and referrals to other social services.

Evidence

There is considerable evidence that school readiness programs improve cognitive and social development for young children, increase parents' knowledge of child development and involvement in their children's education and build parents' skills. Below, we describe a variety of school readiness programs -- including elements of parent education, family support and family literacy -- and their evaluations.

Missouri's Parents As Teachers (PAT) program, founded in 1981, is a statewide parent education program. Participation is voluntary and all families with a preschool child are eligible.

Monthly home visits by certified parent educators represent the linchpin of PAT. The parent educators cover important topics related to child health and development. The program also offers periodic developmental and health screenings for children, monthly group meetings at neighborhood parent resource centers and referrals to other public and private services.

PAT has received several positive evaluations. Participating children were compared with a matched comparison group of similar children at age three and in first grade. The PAT three-year-olds showed more advanced language and social development, as well as greater problem-solving skills, regardless of family background or economic status. The first-graders also showed better cognitive and social development, while their parents were more likely to contact their teacher and help them with their homework. Finally, a more recent evaluation that focused on "high-risk" children found that PAT children exceeded national norms on intellectual and language abilities. Half of the children deemed to have developmental delays overcame them by age three and parent knowledge of child development was increased for all types of families that participated.

The Home Instruction Program for Preschool Youngsters (HIPPY) is a parent education program imported from Israel that is now used in 16 states and has been most widely implemented in Arkansas.

HIPPY uses home visitors who live in the community where they work to train low-income parents in using a highly structured series of educational activities with their preschool and kindergarten children (ages four and five). The home visitor comes biweekly throughout the school year and HIPPY parents also meet biweekly with their home visitors and their local program coordinator for mutual support, discussion and lectures. However, the most important aspect of HIPPY is the daily 15-minute learning activity for parents and children. For example, the parent might read a story to the child or discuss shapes and sizes.

Several studies have concluded that HIPPY children outscore non-HIPPY children on measures of school readiness and school achievement, and are retained less often in the early grades. Parents' literacy skills also improve and many parents are encouraged to go back to school or get better jobs. Many HIPPY parents become paid paraprofessionals who in turn help other parents learn to teach their children.

Kentucky's Parent and Child Education (PACE) program is a family literacy program serving parents of preschool children between ages three and five who lack a high school diploma or test below the 11th-grade literacy level.

In PACE, parents attend literacy classes in the morning while children attend preschool. Then parents and children come together before lunch for joint literacy activities under the guidance of trained professionals. After lunch, the parents receive instruction in child development, parenting skills and "life skills" (budgeting, sewing, homemaking), while the children play. An evaluation of PACE reported substantial increases in parental knowledge of child development and substantial increases in children's developmental abilities. In one year, the adults also gained an average of 1.1 grade levels in reading, 1.7 grade levels in math and 1.1 grade levels in language.

The federal Parent-Child Development Centers, which operated during the 1960s and 1970s as an outgrowth of the Head Start program, achieved positive results through a program of parent education, preschool education and family support for poor children from birth to age three. Mothers who participated were found to communicate more effectively with their children, encourage them more often and show more affection than the comparable group of mothers who did not participate. The children scored higher on intelligence tests, behaved better and had more positive interactions with their mothers.

Cost

To provide a rough estimate of the cost of a school readiness component in welfare reform, we used average annual cost data from the three programs listed below. These figures are based on the assumption that 500,000 families would participate annually.

- Parents As Teachers: \$350 per family X 500,000
= \$175 million
- HIPPY: \$600 per family X 500,000
= \$300 million
- PACE: \$2,800 per family X 500,000
= \$1.4 billion

Because a school readiness initiative would likely blend the less intensive and costly parent education approach of Parents As Teachers and HIPPIY with the more intensive and more expensive family literacy approach of PACE, the total annual cost would probably be \$1 billion or less. A required state match would bring federal costs down further. Connecticut, Kentucky, Maryland, Minnesota, Missouri, South Carolina and Washington are among the states that already make a substantial investment in parent education, family support or family literacy programs.

Furthermore, the federal government could use other programs, such as Head Start, Even Start and the new Family Preservation and Support program, to fund school readiness slots in its welfare reform initiative. Chapter 2 of the Elementary and Secondary Education Act, the Social Services Block Grant and the Community Development Block Grant could be additional sources of funds.

WR - IDEAS

March 21, 1994

To: Belle Sawhill
Cc: Bonnie Deane
Paul Dimond
Bruce Reed
Kathi Way
From: Heather Ross
Subject: Welfare Reform Matching

Here is a basic structure for adjusting matching rates based on performance. It can be made more elaborate, but not necessarily to any good end. For example, this lumps JOBS and WORK portions of caseload together, which makes sense given ability to move people between them.

System relies on big change in matching rate to encourage convergence toward best performance. It's up to visionaries, advocates, innovators, implementers, etc., to make best performance the best it can be.

Please let me know what you think.

WELFARE REFORM
PERFORMANCE BASED FEDERAL MATCH

Principle: Given latitude as to means of reducing welfare caseloads, some states will do better than others -- best in class performance. This sets a standard or benchmark of what can be achieved. All states will receive a basic federal matching rate for that portion of their caseload up to the benchmark performance; that portion of their caseload in excess of the benchmark performance will be matched at a lower rate.

Federal agencies and others can work with individual states to encourage demonstrations of reform policy mixes they consider promising. The extent to which the best of these approaches prove successful will set the threshold at which the federal government can adjust its matching rate.

Number of classes: One. Keep all states together in one pool, relying on large numbers and averaging to avoid anomalous results and achieve rough justice. However, allow adjustment of benchmark measure for different state unemployment rates.

Benchmarks: One. Annual average rate of caseload growth in baseline period minus annual average rate of caseload (JOBS + WORK) growth in performance period.

Example. Benchmark states (say five most successful states) reduce caseload growth from an annual average of +10% over baseline period (say 1991 - 1993) to an annual average of -10% over performance period (say first three years of Clinton program), for a benchmark performance of -.20 percentage points. The average (relevant) unemployment rate in the benchmark states over the performance period is 6%.

For a state with (relevant) unemployment rate of 8% over the performance period, benchmark performance would be a reduction in its rate of caseload growth compared with its baseline period of $.20(.06/.08) = .15$ percentage points. For a state with baseline caseload growth of 20%, its benchmark over the performance period would be a caseload growth of 5%. In the ensuing performance period, that portion of the state's caseload which was greater than 105% of its caseload at program inception would be matched at a lower rate (say 50% of base rate).

THIS IS AN EFFORT TO NORMALIZE FOR CASELOAD CHARACTERISTICS THAT ARE RELEVANT TO CASELOAD REDUCTION CAPABILITY BY ESTABLISHING A BASELINE "PERFORMANCE" FOR EACH STATE; THE BASELINE PERIOD WOULD CLEARLY HAVE TO BE OF SOME EXTENDED DURATION AND CHOSEN CAREFULLY. ALTERNATIVELY, ONE COULD TAKE THE POSITION THAT THERE ARE NO SUCH CHARACTERISTICS THAT SHOULD BE RECOGNIZED ACROSS STATES. IN THAT EVENT, THE BEST PERCENTAGE CHANGE RESULTS (AGAIN SAY AVERAGE OF FIVE BEST STATES) OVER THE INITIAL PERFORMANCE PERIOD ARE THE MATCHING BENCHMARK FOR ALL STATES IN THE ENSUING PERIOD, AGAIN ADJUSTED FOR UNEMPLOYMENT RATE DIFFERENTIALS.

STATES RECEIVE THE BASE MATCH ONLY FOR THE NUMBER OF CASES THEY WOULD HAVE IF THEY HAD MET THE BENCHMARK; ALL ADDITIONAL CASES ARE MATCHED AT A LOWER RATE (SAY HALF THE BASE RATE). IF THIS GIVES TOO LITTLE RECOGNITION TO RELEVANT CASELOAD CHARACTERISTICS, PERHAPS SOME PROXY PARAMETER COULD BE INTRODUCED TO OPERATE IN THE SAME MANNER AS THE UNEMPLOYMENT RATE -- POSSIBLY THE AVERAGE CASE DURATION AT PERFORMANCE PERIOD INCEPTION. THIS LATTER TWO-PARAMETER (SUPPLY AND DEMAND) MODEL IS APPEALING IF A SIMPLE, WORKABLE "DEGREE OF CASELOAD DIFFICULTY" PROXY CAN BE FOUND.

Calibration: A number of features of the system need calibration:

1. number of states to include in benchmark; enough not to get truly anomalous performance as standard.
2. baseline period, if using for normalization; or, alternatively, proxy variable for underlying caseload degree of difficulty.
3. duration of performance period; want responsive but not over frequent adjustments in match, with time to see what is working. Should keep tally of best performance throughout each period so states pay attention and can anticipate matching benchmark they will face in next period. Benchmark reductions for each performance period should be cumulative, ie. from a single initializing point at the start of the program. Otherwise states with excellent early performance will be disadvantaged later on if others catch up.
4. relevant reported unemployment rate that most closely reflects job market conditions for these individuals.
5. reduction of base rate match for that portion of caseload above benchmark.

Once calibrations are made, can make scoring estimate:

- * project growth rate of caseload under current policy
- * estimate (hypothesize?) benchmark performance
- * apply reduced federal match on excess growth above benchmark

State level data would be necessary to do this convincingly. Assumption would be needed as to how reduced match arrangement will change behavior. May have to assume no change for initial scoring purposes; reduced match saves money on above benchmark states but does not alter their caseload size. If state records as to caseload growth show some considerable variability historically, after adjusting for differential unemployment rates and a difficulty proxy such as case duration, then setting a best performance benchmark and tying match rates to it will demonstrably save money.

Building Trades Association, Inc.

An Association For The Building and Construction Trades
ALL PHONES: 1-800-326-7800

WR-IDEAS

November 29, 1993

Reply To:

1233 20th St. N.W., Suite 501
Washington, D.C.
20036

1181 S. Rogers Circle, Unit 6
Boca Raton, FL
33487

BUILDING TRADES
ASSOCIATION
Health Care Plan
532 Walnut Street
Allentown, PA
18101

Mr. Bruce Reed
Dep. Ass't. to Pres. for Domestic Policy
Old Executive Office Building, Room 216
Washington, DC 20500

Dear Mr. Reed:

Re: Jumpstart

The United States needs programs that will help develop blighted areas. Every American, by humanitarian right, needs a place to live. The economy needs to get moving again so we can attain the American Dream. The welfare system needs to be reformed. To do this we must Jumpstart the construction industry.

The Jumpstart program is designed to rebuild blighted areas. Jumpstart also employs construction workers reducing unemployment payments. Instead of cash assistance to welfare recipients, we should furnish housing and food stamps only. After a welfare recipient has received 24 months of housing subsidies, all payments should cease. To receive these subsidies the recipient should meet mandatory requirements. One requirement would be enrollment and completion of a job training program. If a recipient was deemed medically unfit, this requirement could be waived. If a recipient has a drug or alcohol problem, then we should place them in a state run treatment camp. We can furnish them with suitable living arrangements and food stamps. Even the homeless can have a place to live. Instead of the billions given by the government, we can give a place to live.

Jumpstart consists of taking areas where the population is greatest on welfare, drawing strict boundaries Urban or Rural. These places to live will be in the areas where run-down houses and ghettos need to be rebuilt. These boundaries can be made up of the Enterprise Zone boundaries.

All this can be done without increasing the federal budget. In fact, we can save billions because the definition of assistance will change. We can put unemployed construction workers back to work. Tax incentives for the new construction and/or renovation of low income housing could Jumpstart the building industry and the local economies of the areas that have been deemed to be blighted. In the welfare areas meeting the criteria, we could

Symbol of
Integrity and Reliability



Cont'd

Member
CHAMBER OF COMMERCE OF THE UNITED STATES

reinstate those parts of the pre-Tax Reform Act of 1986 law applicable to the real estate industry. For instance, builders will get heavy tax credits to redevelop areas with high concentrations of welfare recipients. If the proposed tax incentives are advantageous enough to the building industry, neighborhoods could be reinvigorated. The tax advantages should be for residential construction only. After the builder or developer regains his invested money, the properties can be deeded over to the recipients. The net effect to the Treasury would be negligible, if not positive, due to the creation of jobs in the construction industry along with job gains due to the reemergence of small business in the formerly impoverished areas. Maintenance of the dwellings could be paid for by the recipients. A monthly assessment fee could be collected instead of rent payments.

Reinvigoration of neighborhoods attracts small business which in turn creates jobs/new taxpayers. Of course, these incentives would naturally help the contractors and their employees. A working person means one less welfare or unemployment payment.

The Low Income Housing Tax Credit Program is a good program, however, Jumpstart is better. It is better because Jumpstart provides for more of the population and alleviates the government from making rental payments.

Since the construction industry is approximately 10% of GDP, getting builders rolling will get the economy rolling. If the developers start re-developing welfare areas, it will help the economy. They will have to hire general contractors and subcontractors to help build. These construction companies will hire workers causing unemployment to go down. The construction industry has a much higher unemployment rate than the population as a whole. Instead of paying construction workers unemployment, jobs could be created. Taking people off welfare and giving them a free place to live will cut payments the government makes. We can use that dividend to pay the interest on the national debt. The government will lose tax revenue. However, it will gain much more by not paying welfare recipients. We haven't seen studies showing what welfare recipients do with their cash assistance. Now, the money received intended to pay for rents will be used for that purpose.

We would like to make an appointment with you or anyone of your staff at your convenience. Our program has many advantages that our country needs.

Sincerely,



Richard Oleck, President

RO:lg

THE WHITE HOUSE

WASHINGTON

August 23, 1993

WR-JD&AS

MEMORANDUM FOR MARY JO BANE
DAVID ELLWOOD
WENDELL PRIMUS
BRUCE REED
GENE SPERLING

FROM: PAUL DIMOND *PD*
456-7604

SUBJECT: The FRAMEWORK GAME

Bonnie Deane and I would like to invite you to try out the "Framework Game." It is a tool for gathering and comparing diverse viewpoints on Welfare Reform. We found that it helped to diffuse differences and clarify important areas of agreement in the Economy and Jobs Issue Group. Please find attached a blank copy of the game.

Here's how it works: You will find attached a list of 25 "Pre-fabricated building blocks." The blocks serve as a reference list of many ideas that have been discussed in the issue groups and at the working group meetings. You are free to add, delete or modify the blocks as desired.

Also attached is a blank "Framework Game Worksheet." The worksheet has three sections: National Programs, State Programs and Federally Sponsored Local Demos. These sections can be filled in using the building blocks from the list or any number of building blocks which you may invent. Not all the blocks need be used. This allows each person to present their policy choices in a particular context or a complete framework. In addition, space on the left margin can be used to note cost estimates. A second page of the worksheet covers total costs and funding sources.

For your information I attach several examples of the welfare reform frameworks created by members of the Economy and Jobs Issue Group. After you have had a chance to review the Framework Game I suggest that we get together to compare notes. In the meantime, let Bonnie or me know if you have any questions.

●●●●THE FRAMEWORK GAME●●●●
Worksheet

This exercise is understood to be based on the individual views of those present for the purposes of discussion only. In no way does the following represent the views of any particular agency or the Administration as a whole.

My Worksheet for Welfare Reform

Name (Optional) _____

(Please list only the programs you wish to add to or remove from existing law)

\$ ● National Programs – *What is the basic foundation?*

Cost [Food Stamps, Housing, SSI, Educational Grants and Unemployment Insurance, etc.]

\$ ● State Programs – *Which parts can states do differently?*

Cost

Would match rates vary across these choices?

___ Y ___ N

Would time limits and new clock criteria vary across these choices?

___ Y ___ N

Would exemption criteria vary across these choices?

___ Y ___ N

Would phase in strategy vary across these choices?

___ Y ___ N

\$ ● Experiments – *Aside from unsolicited State proposals, for which evaluations would you earmark Federal money? (Competitive grants, local demos, etc.)*

Cost

- Cost Estimates of this option

This exercise is understood to be based on the individual views of those present for the purposes of discussion only. In no way does this exercise represent the views of any particular agency or the Administration as a whole.

Please provide a ROUGH guideline for what the cost of your option would be above the currently envisaged President's plan and current spending on various welfare programs. You may indicate a range or simply a sign if an estimated number would be misleading. Please indicate whether the number would be capped or entitlement based.

\$ _____ National Programs

\$ _____ State Programs

\$ _____ Experiments [Competitive Grants, Local Demos, etc.]

- Funding Sources for this Option

\$ _____ New Taxes (Suggestions?)

\$ _____ Deficit Spending

\$ _____ Spending Cuts (Suggestions?)

25 Pre-Fabricated Building Blocks -- Feel free to add your own

Potential National Programs

- EITC –
A refundable tax credit will insure that a family head working full time at the minimum wage can support a family. (Assume zero cost for reconciliation funding)
- Healthcare – Universal access to healthcare. (Assume zero cost to welfare reform effort)
- Child Support Enforcement –
Stronger enforcement of child support orders, especially across states. Better paternity establishment, simpler procedures for parents.
- Child Support Assurance –
A minimum level of support for those that have orders in place. Please indicate the minimum level envisaged.
- Education Campaign –
A national program for pregnancy prevention, economics of poverty or learning to manage money. Please indicate which one.
- Two Year Transitional Assistance –
Every State must provide two years of assistance to those eligible for AFDC. During this period, States must use all available resources to increase the recipients potential for self sufficiency. Strong expectations of recipients may be enforced in the areas of job search, work, detox, education, etc. Please indicate whether this program would be undertaken with current funding or additional, new Federal money (i.e. Big JOBS).
- Child Care Program –
Provide vouchers or a refundable tax credit for child care for any family with all adults employed.
- Work Support Agency –
A national, new public agency to focus on supporting the work efforts of parents in poverty.
- Savings Incentives –
Individual Development Accounts, Community Development CDs, and the asset/income disregards to accommodate these programs.
- Uplift – An expansion of income contingent loans for human investment.
- Other (Please Specify) –

Potential National or State Programs

- **Guaranteed Job After 2 Years, No AFDC –**
Everyone who is deemed able to work is offered a real, minimum wage job. Indicate number of hours and whether child care is guaranteed or an acceptable exemption.
- **Tailored Expectations and Services –**
A multi-track system in which different sorts of people are offered different service options and expectations. Intensive case management would be key to enforcing bigger or smaller steps toward responsibility over time. After two years, the job ready may be expected to work and those who are "exempted" will also have mandatory activities. Different guidelines on raising the bar over time would be available for teens, divorcees, mentally disabled, substance abusers and the illiterate.
- **20 Hr Work Requirement after 2 Yrs –**
Effectively a CWEP program with a fixed number of hours to work off benefit plus food stamps.
- **Time equivalent cash limit –**
Recipients choose to accept benefits at less than the full rate in exchange for a higher earnings disregard. This allows them to stretch out their initial two years.
- **Consumption to Investment –**
As a recipient clocks up more months on welfare, benefits will be shifted from cash into services that will invest in human capital. In this way, everyone gets the two years of a supportive hand-up. After the two years, the job ready will be squeezed out by benefit reductions and intermittent work requirements. Those that cannot get jobs will receive more intensive services and help over time. Please indicate any restrictions such as whether the reduction slopes down to zero or a minimum level.
- **Foundation –**
After two years, job ready AFDC recipients are expected to work. Since there are programs to offer them food, shelter and medical coverage, no further cash will be offered. Before and after the 2 year limit, recipients should be encouraged to take advantage of the broad range of Federal programs for which they are eligible. Indicate whether post 2 year transition to the Foundation is immediate or gradual.
- **Status Quo –**
After two years, there is less opportunity for counselling, training and education. Otherwise the cash benefit remains the same.

Additional Building Blocks for National, State or Experiment

- **Team Based Empowerment –**
Services and work requirements should focus on encouraging recipients to help one another. Program would center on job clubs, residential colleges, GWEP, small business loans and other services that provide support for team based self-help. This could complement almost any of the other options.
- **Unemployment Insurance –** After the 2 year transition, cash AFDC payments could be offered for up to 26 weeks to those that have met a work history test.
- **National Service –** Guaranteed Student Loan recipients could be required to spend one semester in college meeting weekly with an AFDC recipient or child as a mentor/tutor.
- Subminimum wage for long term recipients
- Employer wage subsidies (TJTC, NJTC)
- Employee wage subsidies/bonuses
- Disregards
- Job Networks through Housing Vouchers
- One Stop Shop in poor neighborhoods
- HRDA: Job Creation through Small Businesses
- Work Support Agency with \$ incentives: Private or public, profit or non-profit.
- Wage subsidies for jobs returning from overseas.
- Other?

- Cost Estimates of this option

This exercise is understood to be based on the individual views of those present for the purposes of discussion only. In no way does this exercise represent the views of any particular agency or the Administration as a whole.

Please provide a ROUGH guideline for what the cost of your option would be above the currently envisaged President's plan and current spending on various welfare programs. You may indicate a range or simply a sign if an estimated number would be misleading. Please indicate whether the number would be capped or entitlement based.

\$ 1,510 National Programs
(Capped funding)

\$ 0 State Programs
(or less) (Estimated effect on entitlement spending)

\$ 3,010 Experiments [Competitive Grants, Local Demos, etc.]
(Capped funding)

Total at Steady state = \$4,520 per year additional spending

- Funding Sources for this Option

\$ New Taxes (Suggestions?)

\$ Deficit Spending

\$ X Spending Cuts (Suggestions?)

Eliminate the Department of Energy or Agriculture

●●●●THE FRAMEWORK GAME●●●●
Worksheet: Completed sample

My Worksheet for Welfare Reform

Name (Optional) Anti-Poverty

\$ ● National Programs – *What is the basic foundation?*
Cost [Food Stamps, Housing, SSI, Educational Grants and Unemployment Insurance, etc.]

Eliminate AFDC

Minimum child benefit, not means tested

Emergency family assistance

Expand EITC and other employee based wage subsidies

Provide pay for jobs or an alternative activity

(such as education or community volunteering)

Use Consumption to Investment idea to transition from emergency aid to a program for OJT or education.

Refundable child care credit for working parents.

Cash out other programs to fund these basic needs.

\$ ● State Programs – *Which parts can states do differently?*
Cost

\$ ● Experiments – *Aside from unsolicited State proposals, for which evaluations would you earmark Federal money? (Competitive grants, local demos, etc.)*
Cost

●●●●THE FRAMEWORK GAME●●●●
Worksheet: Completed sample

My Worksheet for Welfare Reform

Name (Optional) Cash 'n Income

\$ ● National Programs – *What is the basic foundation?*
Cost [Food Stamps, Housing, SSI, Educational Grants and Unemployment Insurance, etc.]

EITC

Reduce scope of Healthcare Reform benefits (e.g. allow cash out)

Create a minimum level of safety net nationally

Build incentives for behavior on top of minimum safety net level

No artificial time limits--depends on situation.

Convert national service money to welfare jobs money

Examine other programs that could be converted to cash or basic needs for children.

\$ ● State Programs – *Which parts can states do differently?*
Cost

States could add on various incentives for behavior or raise benefit level above the national minimum.

\$ ● Experiments – *Aside from unsolicited State proposals, for which evaluations would you earmark Federal money? (Competitive grants, local demos, etc.)*
Cost

Transportation deregulation to facilitate innovative, non-mass transit options

CDBGs for local choice regarding welfare assistance

Public Safety demos

Re-employment bonuses

Eliminating marriage penalty

Try to identify training programs that improve productivity--not just getting a job

WELFARE REFORM FRAMEWORK — OPTION 3

DRAFT FOR PURPOSES OF ANALYSIS ONLY

In evaluating options under the "Framework Game," it is important to consider explicitly three questions which otherwise may be obscured:

- Under what criteria will a person be deemed not to have to meet whatever time-limit is imposed? (For example, the assumption that some 50% of the current welfare rolls will not be subject to a time-limit must be carefully examined: what criteria lead to this estimate? As another example, how the criteria for exclusion from any time limit are set provides substantial interplay with the nature and duration of any time limit).
- Under what conditions will a person who gets off of welfare (whether prior to or because of any time limit) will a person be eligible to return to welfare?
- What are the terms, nature and extent of federal support of State choices?

Subject to a full exploration of these issues, the following may provide a baseline for evaluating other options:

I. National Programs —

- EITC (with Refundable Child Care Credit and at least monthly payment)
- Healthcare (with a narrow package for all, and at least some co-payment for any service beyond basic)
- Child Support Enforcement, Establishment of Paternity, Information on Parenting/Child Nurture
- Healthy Start/Head Start (targeted for all by need)
- SSI Disability for children with parents disabled from working
- National, Peer and Local Education Campaign on economic and personal rewards and responsibilities of education, work, two-earner households, family, and delaying begetting or bearing a child until able to support
- Food Stamps
- Goals 2000, School-to-Work, One-Stop Employment/Training Information Network), Lifelong Learning (including transition from income contingent, direct student loans to Universal Personal LIFETIME learning Trust)

II. State Menu — with substantial state match requirement (perhaps, with a sliding cap on federal support which rewards states who succeed in getting people off of welfare by income earned from private sector jobs or through support from another earner in the household)

- diverse two-year time limits (e.g., "Hill — Welfare Consumption to Investment in Personal Development," "Foundation," "1/2 Time Mandatory

Work," "Time Sensitive," "Guaranteed Job")

- CDCD (instead of IDA), asset disregard
- Time-limited, Transitional Family (not elderly) Housing
- Team-based Empowerment Enterprises, Cooperative Households, Franchised Cooperative Enterprises (including but not limited to ESOPs), Micro-enterprise
- Moving to Opportunities
- Regional Job Mentoring Partnerships to provide meaningful access to job networks in metropolitan or regional economy

III. Demonstration Add-Ons: with some substantial State, local or private sector match, and federal set aside of specified amounts, to be run through competitive challenge process, with strong evaluation component

- all of the alternatives under State Menu
- Bonuses to welfare persons finding and staying on job
- Wage credit, NJTC or other subsidy (as alternative to sub-minimum wage) (but not TJTC)
- Unemployment Insurance (with short time-limits, to support those having trouble staying on first rung of job ladder)
- Intensive custodial parent JOBS, Intensive non-custodial parent JOBS and Child Nurture (with child support), alternative adult education and training (particularly on-the-job or through interactive, multi-media, hands-on search and learning)
- Child Support Assurance
- Empowerment Zones and Enterprise Communities -- mix of coordinated, comprehensive, community-based economic development, job creation, employment training, community policing strategies, with mix of tax incentives, public-private partnerships, venture capital and enterprise mutual funds, bottom-up development to make local community engine of economic growth integral to dynamic regional or metropolitan economy
- Other community-based, mentoring strategies (e.g., Church, YM-YWCA (see Etzioni suggestions))

WELFARE REFORM FRAMEWORK

* National Programs

EITC

Universal health care

Food stamps

Housing vouchers: lower standard, spread more broadly

Pregnancy prevention: education + incentives/penalties +
technology

Child support enforcement: target 100% compliance

AFDC with work requirement at lower grant after 2 years

* State programs

Job placement: major effort, involve employers

Work program: work x% of week for x% of grant; mandatory
after 2 years; x declines over time; fund useful work (to
recipient employability and to society) with savings from
grant reductions and child support

* Experimental add-ons

Competition for most promising work/self sufficiency
approaches proposed by states, with nationally funded
analysis and clearinghouse of what works. Ongoing federal
match available for those that meet effectiveness standard
after 2 year trial.

COST: Program is budget neutral, with grant savings from
powerful child support enforcement and post-2-year grant
reductions retained within system to finance genuine work
program.

RATIONALE: Wide state latitude to try preferred approaches to
work/self sufficiency around focussed federal core: determined,
creative, sustained job placement effort and disciplined,
effective work program at progressively lower pay level for those
not yet placed. Feds support competitive demonstrations to show
what state approaches work and match those which succeed,
including successful adoptions in other states. Outside scope of
AFDC but equally central in strategy is very forceful child
prevention and support enforcement effort.

August 6, 1993

TO: Private Sector Job Development Working Group
FROM: Bill Dickens
SUBJECT: Ideas on Welfare Reform

Background

Given popular sentiment, it seems inevitable that the welfare system in this country will be transformed. If the Clinton administration is unsuccessful in doing it, it will be done by the Congress or the States. I would characterize the task of the Clinton administration as leading reforms that are intelligent and compassionate to prevent ones which are demagogic and expedient.

PROPOSALS

Multi-Tier Program

The AFDC population is heterogenous, but our treatment of them is not. I propose a three-tier program:

Tier One -- People who would be judged totally disabled should be eligible for long term support for themselves and their children. The support should be at a level that keeps them out of poverty. People who qualify for tier one support should have the option to receive services available to tier two or three individuals if they wish to attempt to work. If they are unable to succeed in the workplace they should have the option of falling back on tier one support.

People who do not qualify for tier one support will, with the help of a councilor, choose between the tier two and tier three programs.

Tier Two -- People who have no physical or mental disability, but who do not have the ability and skill to earn an income that would take them out of poverty could choose this program. It would provide a higher level of overall benefits, but a substantial fraction of the benefits would be in the form of grants and income contingent loans to pay for long term education, training and drug rehabilitation. Over a relatively long period of time the composition of the benefits would be shifted away from cash support and towards training, and the overall level of benefits would be reduced.

Tier Three -- People who are able to earn a reasonable income with existing skills could select this option and receive larger cash benefits, but smaller overall benefits since they would not receive training funds. The timed reduction of their benefits would take place over a shorter period of time

than for tier two individuals. We might want to require drug tests for people choosing this option and restrict people who test positive for addictive drugs to a drug rehabilitation program under the tier two plan.

In all cases the length of time over which benefits are phased out should be keyed to the national unemployment rate.

Work Incentives

The extremely high (sometimes greater than 100%) implicit tax rates in our welfare system often preclude individuals making marginal improvements in their quality of life. A system structured this way effectively takes away some of the most significant opportunities for socializing, self-expression and establishing a sense of dignity through work. Further, it may be more expensive than a system which allows people to receive some fraction of their benefits while working.

It has been argued that work incentives are not effective either in reducing the cost of welfare programs or increasing the amount of work people do. I believe these studies suffer from a serious methodological flaw which I will report on when I have finished my review of that literature. The problem is that the studies assume that people can make marginal adjustment in their hours of work in response to small changes in effective tax rates.

When work incentives are added to a program such as AFDC, some working individuals, previously not covered by the program become eligible for benefits. It has been claimed that extending benefits to the working poor will cause them to marginally reduce their work effort and that this reduction will be nearly as large as the increase in the labor supply of those currently on AFDC that results from the work incentives. However, if people's only choice is to work the number of hours offered by an employer or not work then there will be no labor supply effect for current workers. The extension of benefits only makes the work they are doing more attractive relative to not working.

Even if studies predicting a small overall effect of incentives are correct, there may be a way of reducing the disincentive problem. If we only allow people to qualify for the programs who are without financial means then we don't need to extend benefits to the working poor and create disincentives for them. This creates a problem of horizontal equity -- why discriminate between someone who was once destitute and someone who was never in that condition if they are now both earning the same amount. This is a problem under the current system, but not under one which is viewed as a transitional assistance program with benefits which are phased out over time. In such a program the income support received by someone who is working can be viewed as "helping them get back on their feet."

If we could afford it, it would be preferable to offer support and training to all low wage workers. But if we can't this may be a feasible alternative.

Overcoming the Geographic Concentration of Poverty

A major problem for the urban poor is the lack of networks for finding jobs. Studies of how people find work consistently find that the most common method for finding good jobs is referrals from friends or relatives. To provide such referrals, friends and relatives must themselves be employed. The concentration of unemployment in poor neighborhoods makes it difficult for the urban poor to make use of this highly productive method of job search. Instead they must rely on formal methods of job search such as want ads and state employment development offices. The over representation of the least advantaged among the population using these methods drives employers offering good jobs away from them. This intensifies the job finding problems of the urban poor.

To overcome these problems we need a national employment service which attracts all types of workers. Plans to introduce One-Stop-Shopping for all forms of training, income support, and career planning services may be a way of moving towards this end. Requiring firms to list vacancies with one-stop-centers and creating a national information bank on available jobs would be ways of pushing this further.

Reorganizing Child Support

Many women and children would not be in poverty if the children's father was doing his share to provide for their support. This has led to calls for stricter enforcement of child support laws and requiring women to pursue support from fathers as a requirement for receiving AFDC. It seems clear that any move in this direction will have the desirable consequence of reducing the burden on society of caring for indigent women and children, and provide incentives for more responsible behavior on the part of men. But, the current system for obtaining child support orders and modifying them in response to changing circumstances is unwieldy and very difficult for the less advantaged to use.

To get an order a woman must go to court. This is time consuming and costly. It is my understanding that once a woman has a child support order changes in the employment status of the man will not affect his obligation. Men must go to court to get the order changed. This is difficult enough for middle class men. It may be beyond the resources of an unemployed poor man.

This may lead to the marginalization of poor men as they choose to drop out of the system rather than face a growing burden of child support payments. With strict enforcement of child support laws, dropping out means no regular employment and probably homelessness.

By taking the process out of the courts and making them administrative these problems might be ameliorated. If necessary, rules governing the size of child support payments should be modified to take account of their effects on male participation in the system.

WR
(Ideas)

Starting Over on Welfare ✓

By AMITAI ETZIONI

A funny thing happened on the way to welfare reform: Both political parties are fashioning a new entitlement, billed as an education and training period, that will extend dependency on the dole. It may not seem surprising that the Democrats are moving toward granting generous new benefits, but it's disheartening to see Republicans leading the way.

The main plan officially on the table is one advanced by Republican House members. This is not an idle proposal by a few renegades, but the product of extensive deliberation and consultation within the GOP. It has been endorsed by 160 members and is actively championed by 14 leading Republicans in the House. (Several conservative GOP senators are preparing their own plans.)

Rather than cutting cash benefits at once and thus "incentivizing" welfare clients to seek work, the House GOP bill provides for a kind of severance pay: two years at an educational watering hole—any certified training or degree-granting program—of your choice. The demands on welfare recipients for the two years are hardly onerous: attending some courses 10 hours a week. Even my less industrious students do better.

Moreover, anyone can join, including those who are currently employed but poorly paid, those who want to be retrained, and those who simply want to take classes on Western movies or music appreciation—instead of working. This is not merely a hypothetical possibility. When a similar program was introduced in the state of Washington in 1988, the number of new clients increased by some 6%. While other factors may have been involved, there is little doubt that the new entitlement was primarily responsible for the increased influx onto the welfare rolls.

It is especially troubling that the GOP bill, as well as a similar measure drafted by a group of moderate Hill Democrats called the Mainstream Forum, exempts those in full-time vocational schools from the two-years-and-out provision. This means that after a welfare client completes her training—say, in a four-year full-time vocational school—she would be immediately entitled to enroll, at the government's expense, in two more years of training to prepare her for a job.

The administration bill, which has not been unveiled yet, reportedly would extend the party for welfare recipients. Ac-

ording to press reports, the Clinton blueprint first would make two years of job training available to younger welfare recipients and then would gradually extend the benefits to others on AFDC. If, as reports indicate, the Clinton plan covers only 200,000 of the roughly five million families now receiving AFDC, its impact will be minimal. The greatest effect may be to give older welfare recipients an even greater incentive to wait on the rolls until they can collect the two-year goody.

Another problem is that the GOP plan—and reportedly the Clinton blueprint—implies that the educational and training period will be the same for one and all. But clearly some people need only a brief course (a company called America Works manages to place some welfare clients in jobs after only one week of training), while others need much longer. If, however, two years is not the maximum length for training and education but the *average* stay, then this raises new problems. Some welfare clients would presumably receive the new entitlement for three or four years or even longer. If that happens, the 20th century will end long before we "end welfare as we know it."

The most fundamental problem with the Clinton and House GOP plans is that the record shows that training proffered by government is a very poor way of preparing welfare clients for work. Often, no jobs are available at the end of the training. The word gets around and participants have little motivation to study. For their part, trainers often do not know what skills employers really require. And they have little motivation to learn, since training programs can typically collect government fees whether or not they actually place their graduates.

By far the best way to proceed—if one does not wish simply to rely on the marketplace—is to defer the training costs employers will incur. Everyone who hires people off the welfare rolls and keeps them employed for at least one year would have the training costs covered up to, say, \$4,500 per client. This would keep people from leaving work to collect the new "education" entitlement.

Training by employers also would ensure that what welfare recipients learn is appropriate to the needs of the marketplace and that as a rule there will be work at the end of the line. There would be an added benefit, as well. The best way to de-

velop work skills is to work. Thus having to show up at a place of employment each day is much more likely to get people off welfare and discourage others from joining than the educational and training packages both parties seem to favor.

It's time for the House Republicans and the Clinton team to go back to the drawing board. They should drop their basic concept of a two-year educational entitlement. If we are to spend billions on welfare reform, we should at least end up with people working rather than merely with more training under their belts.

Mr. Etzioni is the author of "The Spirit of Community" (Crown, 1993) and founder of the Communitarian Network.

WR-IDEAS

THE WHITE HOUSE

WASHINGTON

December 13, 1993

MEMORANDUM FOR BRUCE REED
KATHI WAY
JEREMY BEN-AMI

FROM: Paul Weinstein
Bonnie Deane

SUBJECT: Draft specifications for Individual
Development Account (IDA)
legislative language

We believe an IDA demonstration program must be an integral part of any economic development component of the welfare reform initiative. The Federal Government spends more than \$100 billion per year to provide middle- and upper-income persons with incentives to accumulate savings and assets. We believe that incentives should also be made available to low-income persons in order to promote economic self-sufficiency and to provide stakeholding opportunities.

Very few people manage to spend or consume their way out of poverty or off of welfare. Economic well-being does not come through spending or consumption, but through savings, investment and the accumulation of assets.

The IDA, like our other economic development proposals, would promote entrepreneurship, economic stakeholding, and the creation of private sector jobs for individuals moving off welfare. Programs like the IDA will help to decrease the need for public service jobs for former welfare recipients by increasing private sector opportunities for AFDC eligible individuals.

Attached is a summary of Rep. Tony Hall's Individual Development Account Demonstration Act (H.R. 456) and a copy of Senator Bradley's companion legislation (S.863). The chief difference between these two bills is the level of the savings match. Representative Hall would provide a \$9 Federal match while Senator Bradley's bill would contribute a \$3 Federal match. We suggest you use the Bradley bill as the basis for the Welfare Reform bill's IDA title. However, we propose the following changes in the Bradley and Hall bills:

Time Limited IDAs

One of the chief complaints about IDAs is that their cost would make the program too expensive to replicate on a national level, and that the declining match is a disincentive to pursue higher levels of income. We propose limiting

the matching period to two years to help control costs and to encourage individuals to seek greater earning power.

Revised Match Ratio

We feel the Hall bill provides too great a match and Bradley bill not enough of an incentive. We recommend the following match.

<u>Time Limit</u>	<u>Income</u>	<u>Matching Ratio</u>	<u>Maximum Match</u>
1st Six Months	50% or less	6 to 1	\$1,800
2nd Six Months	51% to 125%	3 to 1	\$1,650
3rd Six Months	125% to 160%	1 to 1	\$1,400
4th Six Months	161% to 200%	1 to 3	\$ 700

After each six month interval, your income level would be reviewed to estimate what is the appropriate matching ratio. After two years, the match would stop, however the rest of the benefits of the IDA program would continue unless the savings were used for an authorized expenditure -- downpayment on a first home, education or training, investment in a business.

Limit Federal Match To Earned Income

To encourage work and to entice people off welfare, we believe that only earned income should be eligible for the Federal match. Therefore, individuals whose sole income is from welfare programs such as AFDC would not be eligible for the IDA program. However, individuals who are on welfare but who are also employed, could have the earned portion of their income eligible for the Federal match. Those also eligible under this demonstration program for the IDA program would be people moving off the welfare rolls and whose income meets the poverty criteria. By limiting the program to those moving off of welfare, we can further contain costs should we decide to try the IDA program on a national level.

Authorization

We recommend an authorization level of \$30 million per year.

cc: Emil Parker

JOHN O. NORQUIST
MAYOR



OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

*WR -
IDEAS*

FAX TRANSMITTAL SHEET

DATE: December 14, 1993

PLEASE DELIVER TO: Bruce Reed

FROM: David R. Riemer

NUMBER OF PAGES INCLUDING THIS SHEET: 3

**IF YOU HAVE PROBLEMS WITH THIS TRANSMISSION, PLEASE CALL
(414) 286-2200.**

THE MAYOR'S OFFICE FAX NUMBER IS (414) 286-3191

MESSAGE: Mayor Norquist faxed the attached letter to the President
today.

JOHN O. NORQUIST
MAYOR



OFFICE OF THE MAYOR
MILWAUKEE, WISCONSIN

December 13, 1993

President Bill Clinton
The White House
1600 Pennsylvania Avenue, NW
Washington, D.C. 20500

Dear Mr. President:

The welfare system in the United States is a failure. You have called for "ending welfare as we know it." I believe that the best way to do this is to eliminate welfare altogether.

Wisconsin is showing the way. A new state law--initiated by the Democratic majority in our state Assembly, concurred in by the Republican-controlled state Senate, and recently signed by the Governor--will end the welfare system in Wisconsin by 1999. The legislation anticipates replacing welfare with a work-based alternative.

I urge you to follow Wisconsin's lead as you design the plan you will send to Congress next year. Rather than attempt to reform the welfare system; rather than preserve welfare in a truncated form; you should ask Congress to eliminate welfare entirely by 1996.

What should replace welfare? The federal law you propose to repeal AFDC, Food Stamps, public housing, and other failed anti-poverty programs by 1996 should reallocate the federal funds now spent on those programs--plus any state match--to a new federal offer to low-income persons that is based primarily on work. This new effort would do the following:

- Low-income persons over 18 who truly cannot work would get cash and health care.
- Low-income persons over 18 who can work, but are unemployed, would be helped in getting private sector employment through performance-based placement agencies. To the extent they cannot get private sector employment after an extensive search, they would be offered minimum wage, less-than-full-time, limited-term community service jobs, performing work that the public values.
- Low-income workers would be given additional earnings supplements, if needed, to get them above the poverty line. They would also get child care based upon ability to pay.
- Low-income persons, like everyone else, would have health insurance per your national health insurance plan.

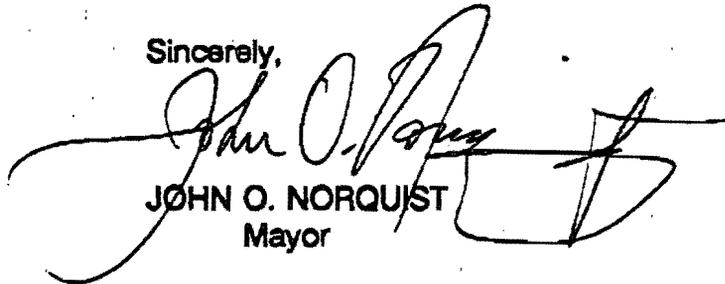
Page 2
December 13, 1993

This proposal calls for spending the same or fewer federal dollars than are now being spent. There would be no increase in federal spending, and no need to raise federal taxes. Eventually, the disparity between poor-person spending among the various states can be corrected. As Congress' support for your proposal to increase the federal EIC shows, the public and elected officials are quite willing to help the poor if the help is linked to the poor's efforts to help themselves through work and if it is part of an overall strategy to lower federal spending.

Ending welfare could be the fourth American Revolution. In 1776, we liberated ourselves from England. In 1863, Lincoln freed the slaves of the Confederacy--and in 1865, all the slaves were freed. In 1964, legal racial discrimination was ended. In 1994, we can liberate America's poor from an oppressive welfare system and help them get what they really want and the rest of us believe in: work. For these reasons, I recommend that you set Independence Day, July 4, 1996, as the date on which America's welfare system comes to an end.

A small cadre of welfare insiders, mostly living inside the Beltway, will resist your efforts to end welfare entirely and replace it with a work-based alternative. But the overwhelming majority of the American people—including welfare recipients, caseworkers, ordinary working people, labor, business, Blacks, Hispanics, and Whites, Americans from every walk of life and every region—will thank you and remember you for your act of liberation.

Sincerely,



JOHN O. NORQUIST
Mayor

cc: Senator Daniel Patrick Moynihan
Senator Herb Kohl
Senator Russell Feingold
Congressman Gerald Kleczka
Congressman Thomas Barrett

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

ROUTE SLIP

TO <u>Bruce / Bonnie</u>	Take necessary action	<input type="checkbox"/>
_____	Approval or signature	<input type="checkbox"/>
_____	Comment	<input type="checkbox"/>
_____	Prepare reply	<input type="checkbox"/>
_____	Discuss with me	<input type="checkbox"/>
_____	For your information	<input type="checkbox"/>
_____	See remarks below	<input checked="" type="checkbox"/>
FROM <u>Belle</u>	DATE <u>11/12</u>	

REMARKS

What do you think
of this?

I will be out of the
office today from 10-12
& 2-4.

WR-Ideas

E X E C U T I V E O F F I C E O F T H E P R E S I D E

12-Nov-1993 09:51am

TO: Bonnie L. Deane
TO: Bruce N. Reed

FROM: Isabel Sawhill
 Office of Mgmt and Budget, HRVL

CC: Wendy C. New

SUBJECT: Here is a crack at this. Feel free to change.

Model I: Posttransitional Jobs

- o The basic principle is that everyone who has successfully completed training will be assured a job offer in either the public or private sector.
- o Anyone who turns down such an offer will be terminated from the program and will be eligible for Food Stamps only.
- o States will be given a block grant to help participants find jobs. The block grant will be distributed by a formula that reflects local labor market conditions and performance (placement, retention, and wage levels).
- o The funds may be used for supervised job search, job development, wages or wage subsidies, microenterprise grants or loans, work support, or temporary stipends (up to 6 months) for those participating in job search or unpaid community service. States will be encouraged to contract out these activities to a variety of profit and not-for-profit groups with a good track record of success in working with this population.
- o Up to 10 percent of the funds may be used for social services or supervised living arrangements for the most disadvantaged portion of the caseload (not eligible for SSI).
- o The block grant could be set at any funding level. For starters, we suggest that it be no more than the annualized amount now spent on AFDC for each participating cohort. (For most participants, it will be assumed that job offers can be generated in the first year but there is no time limit in this plan, only a funding limit. The higher costs of serving those who are more difficult to place should be offset by the lower costs of serving the easiest to place.)
- o Those who lose their jobs may cycle back through the program at least once (more at state option).

o Stipends and wages (in subsidized jobs) will be geared to the minimum wage in each state. Health care and child care will be provided to those who need it while searching for a job and for at least the first year on a new job (longer at state option). No one will remain eligible for AFDC.

Bruce - Food for thought:

The administration will promulgate its welfare reform initiative in the context of several core values that, in fact, transcend this particular issue and resonate throughout the President's overall domestic message: opportunity & responsibility. But another core value, ~~responsibility~~ otherwise a part of the President's message, seems to be missing from this particular discussion: community.

[Resp, Opp, & Community are core elements of the national service message, however.]

The fact is, so long as welfare recipients and the challenges they confront are viewed as somehow separate or apart from the larger community, it is doubtful that real reform or progress will ever be made. Therefore, the Administration should endeavor - even if in a small but significant way - to incorporate the notion that there is a benefit and value for a more holistic, community approach to addressing the needs of ^{welfare} payees. This ^{community} intervention occurs in several ways:

private citizens mentoring at-risk youth on AFDC; Families 'sponsoring' other families; Businesses - as corporate citizens / community members - taking preventive initiatives / partnerships in schools.

To root this in the President's own language, government

doesn't raise or support children; families do.

To root ~~it~~ it in a ~~more~~ more personal context, I know that the greatest resource my family and I had during the six years we spent on AFDC / Medicaid & Foodstamps was the assistance, caring, guidance and support of other families - related and non-related.

Thus, this notion of "community" ^(which closely relates to the responsibility theme) can be a powerful theme that, I believe, should not be left out of the discussion on welfare reform. It's not a panacea or even the central thrust, but it certainly rounds out the overall message in a powerful (i.e. more than rhetorical) way. And it makes the message resonate more fully with the President's overall domestic message.

As to matters related directly to National Service (programmatically & otherwise), I'll do my best to get you a memo by COB Wednesday. We have some good ideas for collaboration. Once we send you the document, perhaps we can arrange a follow-up meeting.

Best -

Michael Camuñez
606-8000 X 186

**REMARKS PREPARED FOR DELIVERY BY GOVERNOR JIM FLORIO
HEARING OF THE PRESIDENT'S WORKING GROUP ON WELFARE REFORM,
FAMILY SUPPORT & INDEPENDENCE
THURSDAY, SEPTEMBER 9, 1993**

WR - IDEAS

THANK YOU FOR JOINING ME AT THIS HEARING OF THE PRESIDENT'S WORKING GROUP ON WELFARE REFORM, FAMILY SUPPORT AND INDEPENDENCE. LET ME BEGIN BY SAYING HOW DELIGHTED I AM TO BE HERE TODAY WITH PEOPLE WHO ARE WORKING TO GET CONTROL OF THEIR LIVES AND TO END WELFARE AS WE KNOW IT.

WHEREVER WE STAND ON THE POLITICAL SPECTRUM, WE CAN AGREE ON THIS: PREVIOUS EFFORTS HAVE FAILED TO REVERSE THE CYCLE OF POVERTY THAT HAS ENTRAPPED GENERATIONS OF AMERICANS.

WELFARE AS WE KNOW IT NOT ONLY HASN'T WORKED; IT'S MADE THINGS WORSE BY PENALIZING POOR PEOPLE FOR EXERCISING PERSONAL INITIATIVE AND RESPONSIBILITY AND ROBBING THEM OF THEIR DIGNITY AND SELF-RESPECT. AND IT'S ASKED THE TAXPAYER AND THE MIDDLE-CLASS TO PAY THE TAB.

WE KNOW THE SYSTEM IS BROKEN.

AS WE LOOK BACK ON THE FIRST YEAR SINCE WE TOOK UP THE FIGHT FOR REAL WELFARE REFORM IN NEW JERSEY--AND AS THE PRESIDENT TACKLES WELFARE AT THE NATIONAL LEVEL--I'D LIKE TO OUTLINE SOME OF THE LESSONS WE'VE LEARNED ON HOW TO CROSS THE MINEFIELD OF MEANINGFUL REFORM IN OUR ERA OF SOUND-BITE, HOT BUTTON, BLAME-GAME POLITICS.

SECOND, I'D LIKE TO SHARE WITH YOU OUR PROGRESS ON WHAT WE'VE ACCOMPLISHED.

AND FINALLY, I'D LIKE TO ANNOUNCE A NEW SET OF WELFARE INITIATIVES I'M PROPOSING FOR NEW JERSEY, TO FURTHER DEMAND THAT EVERY PERSON TAKE FULL RESPONSIBILITY FOR THEIR LIVES & THEIR FAMILIES.

IN NEW JERSEY, WE BELIEVE SELF-RELIANCE IS A TWO-WAY STREET. GOVERNMENT CAN HELP PEOPLE WHO NEED IT, BUT AT THE SAME TIME, PEOPLE MUST BE WILLING TO HELP THEMSELVES.

WE'VE LEARNED THAT, IN THE PROCESS, THE PUBLIC AND ELECTED OFFICIALS NEED TO REINFORCE EACH OTHER'S BEST INSTINCTS, NOT THEIR WORST ONES.

IN AN INTERESTING COVER STORY IN NEWSWEEK LAST MONTH ABOUT THE STRUGGLE TO SAVE THE BLACK FAMILY, NICHOLAS LEMANN, THE AUTHOR OF "THE PROMISED LAND," TALKED ABOUT HOW BOTH SIDES OF THE WELFARE DEBATE ARE TOO BUSY POINTING FINGERS TO FIND OUT WHAT NEEDS TO BE DONE. "WE'RE NEVER GOING TO GET WHERE WE NEED TO BE," HE SAID, "IF WE FIRST HAVE TO SETTLE WHOSE FAULT IT IS."

THAT'S ESSENTIAL WHEN IT COMES TO THE DEBATE OVER WELFARE. NEITHER DOES ONE-SIDED THINKING. PUSHING HOT BUTTONS FORCES THE DEBATE TO THE EXTREMES WHERE NOTHING GETS DONE.

IF WE'RE GOING TO CHANGE WELFARE AND FIGHT POVERTY, WE NEED TO STOP WORRYING ABOUT THE LEFT OR THE RIGHT OR THE FAILED AGENDAS OF THE PAST...AND REMEMBER THAT OUR DEMOCRACY WORKS THROUGH SOME ENDURING IDEALS THAT SPEAK TO WHO WE ALL ARE:

+ THAT IF YOU WORK HARD, YOU SHOULD BE ABLE TO GET AHEAD.
+ THAT PERSONAL DIGNITY COMES FROM WORKING HARD AND PROVIDING FOR YOUR FAMILY.

AND THAT EVERYONE HAS TO BE RESPONSIBLE FOR THEIR OWN LIVES.

I DON'T BELIEVE WE SHOULD CARRY THOSE WHO CAN WALK. BUT, I DO BELIEVE WE SHOULD GIVE A HAND TO THOSE WHO STUMBLE. THAT BALANCE BETWEEN OPPORTUNITY AND RESPONSIBILITY IS A DELICATE ONE. IT'S THE FULCRUM OF DEMOCRACY.

AND IT'S AT THE CORE OF THE POLICIES THAT ARE MAKING NEW JERSEY A NATIONAL MODEL FOR WELFARE REFORM.

YES, WE PROVIDE PEOPLE WITH THE TOOLS TO BECOME SELF-SUFFICIENT. BUT WE'RE NOT JUST OFFERING PEOPLE EDUCATION AND TRAINING. WE'RE MAKING IT A CONDITION OF WELFARE GRANTS. IT'S A CONTRACT.

YES, WE ENCOURAGE FAMILIES TO DO WHAT AMERICAN FAMILIES HAVE ALWAYS DONE. TO WORK AND SAVE MONEY TO CREATE A BETTER LIFE FOR THEMSELVES AND THEIR CHILDREN. BUT WE'RE MAKING IT EASIER BY REMOVING DISINCENTIVES TO MARRIAGE. PEOPLE SHOULD BE MARRYING EACH OTHER, NOT THE STATE. PARENTS SHOULD BE DEPENDING ON EACH OTHER NOT THE TAXPAYERS.

AND, YES, WE'RE SAYING NO MORE AUTOMATIC PAYMENTS WHEN YOU HAVE MORE CHILDREN ON WELFARE, BECAUSE THAT'S NOT THE WAY THE REAL WORLD WORKS.

A WORKING POOR PARENT OR MIDDLE-CLASS PARENT CAN'T GO TO HER EMPLOYER AND DEMAND A RAISE BECAUSE SHE'S HAVING ANOTHER CHILD.

BUT YOU CAN'T MOVE AHEAD IN THE REAL WORLD IF YOU DON'T HAVE A REAL JOB. AND THAT RAISES US ANOTHER DIFFICULT ISSUE WE'VE FACED ON THE ROAD TO REFORM.

HOW DO WE GIVE A HAND TO THE MEN, WOMEN AND CHILDREN ON WELFARE SO THAT IT REALLY IS A HAND UP -- NOT A HAND OUT? WE KNOW WE CAN'T GUARANTEE THAT PEOPLE WILL HAVE A GOOD LIFE. WE CAN'T GUARANTEE OUTCOMES. BUT HOW CAN WE ENSURE THAT EACH OF US IS GIVEN REAL OPPORTUNITY TO WORK HARD & GET AHEAD?

-3-

PRESIDENT CLINTON TOUCHED ON IT WHEN HE CALLED ON AMERICA TO MAKE WORK PAY. AND, HE'S DEAD RIGHT. A COUNTRY WHERE YOU CAN PROVIDE MORE FOR YOUR CHILDREN ON WELFARE THAN ON THE JOB IS A COUNTRY THAT IS SLIPPING DOWN THE LADDER TO FAILURE -- NOT CLIMBING UP THE LADDER TO A BETTER LIFE.

FOR TOO LONG WE'VE TURNED THE RULES UPSIDE-DOWN FOR WORKING PEOPLE AND PEOPLE WHO WANT TO WORK. THERE ARE STILL THOSE WHO SAY THEY VALUE HONEST WORK -- THEN THEY FIGHT TO LOWER THE MINIMUM WAGE. BUT THEY'RE WRONG. NO ONE WHO WORKS FULL TIME SHOULD BE PAID LESS THAN WELFARE WAGES. THAT'S WHY I VETOED OUR LEGISLATURE'S ATTEMPT TO ROLLBACK THE MINIMUM WAGE.

THAT'S WHY WE'VE INVESTED IN A WORKFORCE DEVELOPMENT PARTNERSHIP PROGRAM THAT CAN TRAIN UP TO 45,000 WORKERS. ITS WHY WE'VE INVIGORATED OUR SUPPORT FOR COMMUNITY COLLEGES, FOR GED PROGRAMS AND YOUTH APPRENTICESHIPS. BECAUSE IN NEW JERSEY, WE BELIEVE PEOPLE DESERVE A SECOND CHANCE AND SHOULD GET IT.

BUT IF WE'RE GOING TO HAVE BALANCE, IF WE'RE GOING TO HOLD EVERYONE TO THE SAME RULES, WE ALSO NEED TO SAY THAT BOTH PARENTS HAVE TO TAKE RESPONSIBILITY.

THAT'S WHY WE EXPANDED OUR ENFORCEMENT OF THE LAWS CRACKING DOWN ON DEADBEAT PARENTS. WE'RE GOING AFTER ABSENT PARENTS WITH A "10 MOST WANTED" CAMPAIGN. WE'RE AUTHORIZING SHERIFF'S RAIDS. AND WE SIGNED A LAW THAT ALLOWS PRIVATE COMPANIES TO TRACK DOWN THESE DELINQUENTS.

OVER THE PAST YEAR, COLLECTION OF CHILD SUPPORT HAS RISEN 21 PERCENT, AND THOUSANDS OF PEOPLE WHO MOVED OFF WELFARE DID SO BECAUSE OF THOSE POLICIES.

WE'RE GIVING PARENTS THE TOOLS TO SUPPORT THEIR CHILDREN. SO TAXPAYERS DON'T HAVE TO.

TODAY, I BRING YOU NEWS THAT WE ARE CHANGING WELFARE FROM A SYSTEM OF ENTRAPMENT TO A SYSTEM OF TRANSITION AND LIBERATION.

WHERE OUR FAMILY DEVELOPMENT PROGRAM HAS BEEN WORKING FOR A YEAR, MORE FAMILIES ON WELFARE ARE STAYING TOGETHER. PEOPLE ARE GETTING OFF THE WELFARE ROLLS AND INTO JOBS WHERE THEY AND THEIR FAMILIES CAN LIVE WITH DIGNITY AND SELF-RESPECT.

IN JUST ONE YEAR, 2,300 OUT OF THE 5,300 PARTICIPANTS IN OUR NEW SYSTEM HAVE MOVED OFF WELFARE AND INTO WORK. THE RATE OF WOMEN ON WELFARE WHO ARE MARRYING IS UP 37 PERCENT, AND THE RATE OF TWO PARENT FAMILIES BREAKING UP HAS DROPPED 47 PERCENT.

BY 1995, WE ANTICIPATE THE REFORMS WILL BE WORKING IN EVERY COUNTY.

STILL, WE'RE NOT FINISHED BY A LONG SHOT.

-4-

TODAY, I'M PROPOSING A NEW ROUND OF WELFARE REFORM TO FURTHER ENCOURAGE RESPONSIBILITY ROOTED IN THE IDEA OF FAMILY.

LET ME SHARE THESE INITIATIVES WITH YOU, AND SAY WHY WE THINK THEY ARE SO CRUCIAL TO ENDING WELFARE & RESTORING DIGNITY, HOPE & RESPONSIBILITY.

FIRST, BECAUSE EVERY CHILD DESERVES TO KNOW WHO BOTH HIS OR HER PARENTS ARE, AND TO RECEIVE SUPPORT AND GUIDANCE FROM BOTH OF THEM, I PROPOSE THAT WE REQUIRE AS A CONDITION OF ELIGIBILITY FOR WELFARE THAT MOTHERS IDENTIFY THE FATHERS OF THEIR CHILDREN.

NO LONGER WILL "FATHER UNKNOWN" ON THE WELFARE APPLICATION FORM BE AN ACCEPTABLE RESPONSE BECAUSE IN ORDER TO MAKE SURE FATHERS ARE SUPPORTING THEIR KIDS, WE NEED TO KNOW WHO THE FATHERS ARE FROM THE DAY THE BABY IS BORN.

SECONDLY, TOO MANY CHILDREN SEE HAVING BABIES AS THE ROAD TO INDEPENDENCE FROM THEIR PARENTS. BUT THE TRUTH IS, THEY BECOME DEPENDENT ON THE STATE INSTEAD. AND DEPRIVE THEMSELVES OF THE EDUCATION AND FAMILY STRUCTURE THEY NEED TO SUPPORT THEMSELVES AND THEIR KIDS. WE NEED TO CHANGE OUR LAWS SO UNMARRIED TEENAGERS UNDER THE AGE OF 18 CANNOT RECEIVE BENEFITS INDEPENDENTLY. INSTEAD, THEY WILL BE PAYABLE TO THE TEEN'S PARENT OR LEGAL GUARDIAN.

AT THE SAME TIME, WE NEED TO REWARD THOSE WHO ARE SAVING & HOPING FOR THE FUTURE--EVEN AS THEY WORK TO LEAVE WELFARE. WE CAN ENCOURAGE THAT BY ALLOWING POOR FAMILIES TO PUT ASIDE UP TO \$5,000 IN SAVINGS IF THE ASSETS ARE EARMARKED FOR BUYING A HOME, SAVING FOR HIGHER EDUCATION, OR PURCHASE OF TRANSPORTATION TO GET FROM HOME TO WORK.

FINALLY, WE CAN STRENGTHEN THE CONTRACT BETWEEN PEOPLE AND THE WELFARE SYSTEM TO REINFORCE OUR BELIEF THAT WELFARE'S A HARD-EARNED HAND UP--NOT AN EXPECTED HAND-OUT. AS PART OF THE NEW SYSTEM, WE'LL REQUIRE PARENTS TO IMMUNIZE THEIR CHILDREN & BE RESPONSIBLE FOR MAKING SURE THAT THEIR CHILDREN ARE NOT CHRONICALLY TRUANT FROM SCHOOL. SO THAT THEY, THE PARENTS, ARE PARTICIPATING IN THEIR CHILD'S EDUCATION.

YOU KNOW, ITS BEEN SAID THAT A PARENT'S ENCOURAGEMENT IS THE MOST IMPORTANT INGREDIENT TO A CHILD'S SUCCESS IN SCHOOL. WE NEED TO MAKE SURE THAT OUR CHILDREN HAVE EVERY CHANCE TO BECOME EDUCATED, PRODUCTIVE CITIZENS.

WE'LL ALSO REQUIRE FAMILIES TO PARTICIPATE IN PARENTING AND CONFLICT RESOLUTION CLASSES AS A CONDITION OF RECEIVING THEIR FULL MONTHLY BENEFIT. BECAUSE BUILDING FAMILIES, AND KEEPING FAMILIES TOGETHER, ARE IMPORTANT FOR A CHILD'S WELL-BEING, AND FOR OUR FUTURE.

THESE MEASURES CONTINUE OUR EFFORTS TO CHANGE WELFARE FROM A HANDOUT TO A SOCIAL CONTRACT. AND THERE'S NO REASON GOVERNMENT SHOULD BE A PARTNER TO ANYONE WHO CHOOSES TO DO OTHERWISE.

WILL THESE PROPOSALS WORK? I BELIEVE THEY WILL, BECAUSE THEY'RE BASED ON THE SAME HANDSHAKE OF OPPORTUNITY & RESPONSIBILITY THAT'S HELPING PEOPLE IN OUR FAMILY DEVELOPMENT PROGRAM.

I'VE VISITED WELFARE TRAINING SITES. I'VE TALKED WITH THOSE WHO'VE TOLD ME HOW THEIR LIVES AND THEIR CHILDREN'S LIVES ARE CHANGING FOR THE BETTER BECAUSE NOW, FOR THE FIRST TIME, THEY'VE GOT A CHANCE TO BREAK THE CHAIN OF DEPENDENCY. AND WE ALL SHOULD BE PROUD OF THAT. I'VE TALKED WITH TAXPAYERS ALL OVER THIS STATE WHO TELL ME HOW MUCH THEY RESENT HAVING TO PAY FOR A FAILED SYSTEM.

THESE PROPOSALS REFLECT OUR BELIEF THAT PEOPLE IN POVERTY HAVE THE SAME DREAMS & ASPIRATIONS & TALENTS AS ANYONE ELSE. TO BELIEVE OTHERWISE SELLS PEOPLE SHORT. IT SAYS THEY WILL ALWAYS NEED A HAND-OUT BECAUSE SOMEHOW THEY'RE NOT UP TO TAKING CARE OF THEMSELVES.

I BELIEVE THAT DEEP DOWN, WE ALL WANT THE SAME THING: TO SUPPORT OUR FAMILIES & SHARE IN THE DIGNITY & PRIDE THAT COMES FROM BEING ABLE TO DO SO.

YES, THE ROAD IS LONG. BUT IN NEW JERSEY, WE'VE FOUND THE RIGHT DIRECTION. AND, I'D LIKE TO THINK WE'RE LEADING THE WAY TO A TIME WHEN WE REPLACE WELFARE WITH HOPE AND OPPORTUNITY FOR ALL.

Arafat pinup?

Yasser Arafat, chairman of the Palestine Liberation Organization, has become a photogenic darling since signing a peace accord with Israel.

His picture is everywhere, even in the West Wing of the White House.

Ten action photos taken by official White House photographers of last week's historic signing ceremony, including Mr. Arafat's handshake with reluctant Israeli Prime Minister Yitzhak Rabin, now adorn a corridor leading to the Oval Office.

Mr. Arafat is featured in four of the photographs, including one in which he is smiling broadly and waving to a crowd with President Clinton in the background.

Mr. Rabin and Israeli Foreign Minister Shimon Peres figure prominently in some of the photographs. And one of them shows first lady Hillary Rodham Clinton walking with Mr. Rabin's wife.

The photographs displayed in the hallway are changed frequently, so Mr. Arafat probably has a temporary shelf life there.

The Kansas shuffle

Former Kansas Gov. John Carlin said Friday he'll run for Congress next year, aiming to fill the seat of six-term Democratic Rep. Jim Slattery, who announced Wednesday he'll run for governor.

Mr. Carlin, 53, who lost his bid for a third gubernatorial term in 1990, was governor from 1979 to 1987. Gov. Joan Finney defeated him in the Democratic primary, then beat incumbent Republican Mike Hayden.

Costly crutches

In a Rose Garden meeting Thursday, the Clintons and the Gores took delight in knocking the health care industry and presented a charge of \$2,400 for a woman's crutches as a blatant example of bureaucratic waste.

Trouble is, the San Francisco Chronicle reports, it just ain't so.

Carol Oudegeest, who had knee surgery at Stanford University Medical Center in 1982, told the Clintons that the hospital had charged her insurance company \$2,400 for crutches. Ms. Oudegeest said that when she complained, she was told the insurer had paid the bill and nothing could be done.

The Washington Post then mistakenly referred to the Sunnyvale, Calif., woman as "a man being billed \$24,000 for a pair of crutches."

Actually, Ms. Oudegeest's insurer, Massachusetts Mutual Life Insurance Co., investigated the claim, and the hospital acknowledged its billing error and reimbursed the company in February 1983.

The hospital charges \$66 for crutches.

Despite baggage

The long-delayed nomination of Shirley Sears Chater to head the Social Security Administration is imminent despite some shortsightedness on withholding for baby sitters, the Baltimore Sun reported.

The Clinton administration's unwillingness to move quickly in naming someone to the post has been the subject of blistering criticism by many, including Senate Finance Committee Chairman Daniel Patrick Moynihan.

Mrs. Chater, on the SSA payroll as an expert consultant since Sept. 8 at an annual income of \$115,700, is expected to be confirmed and the plan to nominate her was announced last month.

There is, of course, her failure to withhold Social Security taxes for baby sitters between 1969 and 1975. She paid what she believed was owed in back taxes and penalties earlier this year. She has not revealed the amount.

Math genius

A certain Rhodes scholar on Friday gave a puzzling display of "new math."

President Clinton, in an appearance at Children's Hospital to promote his health care plan, said a doctor told him that "he (had) estimated that each doctor practicing in this hospital — 200 in total — spends enough time on paperwork unrelated to patient care every year to see another 500 patients for primary preventive care — times 200.

"You don't have to be a mathematical genius to figure out that's another 10,000 kids (who) could have been cared for whose lives could have been better."

Perhaps, but all of our calculators tell us that 200 times 500 equals 100,000 — not 10,000.

Virginia on her mind

Paula Dobriansky, a top Reagan adviser on Eastern Europe who also served in the Bush administration, is considering a run next year against freshman Virginia Democrat Rep. Leslie L. Byrne of Falls Church.

Expected to attract conservatives, Miss Dobriansky has had plenty of GOP contacts in Congress — including California Rep. Dana Rohrabacher, a former Reagan speechwriter and her steady boyfriend.

Miss Dobriansky has time to assess her chances before the Virginia GOP nominating convention meets in May. Fairfax County Board of Supervisors Chairman Tom Davis is also considering a run for the seat.

What about the Fish?

Almost 25 years ago on a farm near Woodstock, N.Y., the folk-rock band Country Joe and the Fish charmed a throng with a tune that began: "One, two, three, what are we fighting for? Don't ask me. I don't give a damn. Next stop is Vietnam."

Now the lead singer of that group is singing a new song: "One, two, three, who are we voting for? That definitely will be my campaign slogan." Country Joe McDonald is considering a run for the Berkeley, Calif., City Council.

"I would bring the same creativity to government that I bring to my music," he said, adding that his candidacy would "counterbalance the power in Berkeley."

Once known as "Berzerkeley" for its radical politics, Berkeley has moved toward the center recently — replacing debates on foreign policy with plans to clean up streets and even banning public nudity.

"If I was on the City Council, I would be kind of a wild card," Mr. McDonald said.

Married to his fourth wife and the father of five children, Mr. McDonald wants to focus on city problems and try to revive cultural interests.

If he runs, he would follow in the footsteps of the Fish, a.k.a. Barry Melton, who made an unsuccessful run for a city judgeship in San Francisco last year.

Today's quote

White House adviser David Gergen on estimated savings from reinventing government to pay for NAFTA: "Those estimates didn't come from an astrologer. And, you know, they've been well checked out. We think the savings can be gotten there."

Campaign reform

House Dems agreed to drop the concept of public funding for congressional races, clearing the way for a House vote on campaign reform perhaps next month. But "formidable obstacles" still exist to getting a law this year.

The House bill only restricts PACs while the Senate bill attempts to ban them, Knight-Ridder pointed out. The difference may be beyond the reach of a House-Senate reconciliation.

Media vs. Clinton

In the first of a three-part series, the Los Angeles Times examined the relationship between Mr. Clinton and the press based on the premise that no president so early in his term has been subjected to such negative coverage:

"Clinton's own mistakes, his quixotic decision-making style and his up-and-down relationship with an increasingly confrontational, increasingly competitive news media obliterated any chance for a honeymoon — the respite, however brief, that journalists once granted new presidents. . . .

"There are several explanations, but any analysis of media coverage of Clinton — or of any modern president — must begin with one simple fact: Ever since a far more benign and credulous news media encountered pervasive White House duplicity over Vietnam and Watergate, reporters have become increasingly skeptical, even cynical, of virtually any word or deed.

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emanating from the Oval Office. . . .

"But Clinton and his aides made it especially easy for the media to be antagonistic. The administration stumbled and fumbled so often in the early going that if the White House had been a restaurant its plat du jour would have been flounder. . . .

"The administration's blend of arrogance, ignorance, inexperience and incompetence not only made the media's job more difficult, but it undermined the effectiveness of the president's communications strategy. Technology notwithstanding, White House reporters remain the president's daily link with the American public. . . .

"It is ironic to hear reporters criticizing the White House for not manipulating them effectively. But it is undeniably true that by providing little positive 'spin' of its own, the Clinton white House often fell victim to the negative spin engendered by its missteps — and by the resentment that many in the White House press corps felt toward it."

Two-party system

A new vote study by Congressional Quarterly confirms what many had suspected: Congress: 199 tensely partisan Hill.

Seventy-four call votes this along party line 54 percent in The House years has been the Senate, is 66 percent of its votes have broken along party lines, compared with 64 percent last year.

• Compiled by Carleton Bryant

Violence is blamed on family breakup

This is a partial transcript from "Meet the Press" on NBC yesterday.

Host Tim Russert asked Sen. Daniel Patrick Moynihan, New York Democrat and chairman of the Senate Finance Committee, about the wave of murders committed against tourists in Florida and the rise in random violence across the country.

The senator, a former Harvard University professor, wrote a report as assistant labor secretary in the Johnson administration about the breakup of the black family and its potentially ruinous consequences for U.S. society.

Mr. Russert: Senator, if you could put your professor's hat on for a second, there has been random violence across this country, particularly in the state of Florida — at least, most visible in the state of Florida. What's going on with us as a people — or young men?

Mr. Moynihan: Well, first of all, there's nothing different about the state of Florida from seven blocks from where we are today, around the corner anywhere in New York. It's just that in Florida, foreigners are being murdered in ways they aren't murdered at home, and back in Germany, they think, "What on earth is happening?"

We have had a behavioral sink in the last 30 years that may not have any — it has no counterpart in our history, and I don't know when you could find anything like it — say, maybe London when cheap gin appeared around 1710.

The breakup of family inevitably, predictably, and for reasons we kind of think we understand, will lead to the growth of large numbers of predatory males.

We saw it coming. It's come. Now, are we going to get out of our denial phase and say, "Do something about this or you're going to have a regression in your society?"

Mr. Russert: What do we do?

Mr. Moynihan: We state, right now, that the principal social objective of American national government at every level . . . is to see that children are born to intact families and that they remain so and that this become an object of the churches, of the society at large. And if you work at it, work at it, work at it, in about 40 to 50 years, you may have something to show for it.

Thirty years ago, we said this was coming, and it has come, and don't think it'll go away in less than 30 years. But don't think it'll ever go away if you don't start now. And maybe, God have mercy, those German tourists may have shocked us into some recognition.

This St. Valentine's Day in New York, seven people were murdered in a Bronx apartment, while six or seven were shot in the Bronx County Courthouse the next day. The St. Valentine's Day Massacre of 1929 shocked this country. Shocked it. We changed the Constitution. We have never stopped talking about that event. This St. Valentine's Day Massacre disappeared completely. . . .

You get used to that; you get used to barbarism.

Table 1
Earnings, Taxes, Benefits and Total Income
For a Single Parent and Two Children

Work Level and Wage	Earnings	Day Care	Taxes**	EITC	Food Stamps	EITC and Food Stamps	Disposable Income***
No Work	0	0	0	0	3996	3996	<u>3996</u>
Half Time Minimum Wage*	4250	0	-325	1700	3455	5155	<u>9080</u>
Full Time Minimum Wage*	8500	0	-650	3400	2435	5835	<u>13685</u>
Full Time 5.00 /hour	10000	0	-555	3400	2075	5475	<u>14920</u>
Full Time 6.00 /hour	12000	0	-886	3153	1595	4748	<u>15862</u>
Full Time 7.00 /hour	14000	0	-1309	2658	1115	3773	<u>16464</u>

Notes: * Minimum wage rate is 4.25 per hour.

** Taxes include Social Security, Federal, and State taxes

*** Earnings plus EITC and food stamps less taxes and day care.

All figures are approximate. Modeled after a table in "Background Material and Data on Programs Within the Jurisdiction of the Committee on Ways and Means."

W-L-TPERS

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Half Time Minimum Wage*	4250	-1500	-325	1700	3710	5410	<u>7835</u>
Full Time Minimum Wage*	8500	-3000	-650	3400	2945	6345	<u>11195</u>
Full Time 5.00 /hour	10000	-3000	-555	3400	2675	6075	<u>12520</u>
Full Time 6.00 /hour	12000	-3000	-886	3153	2315	5468	<u>13582</u>
Full Time 7.00 /hour	14000	-3000	-1309	2658	1955	4613	<u>14304</u>

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For a Single Parent and Two Children

Work Level and Wage	Earnings	Day Care	Taxes**	EITC	AFDC plus Food Stamps	EITC and Food Stamps	Disposable Income***
No Work	0	0	0	0	8003	8003	<u>8003</u>
Half Time Minimum Wage*	4250	0	-325	1700	5016	6716	<u>10641</u>
Full Time Minimum Wage*	8500	0	-650	3400	2435	5835	<u>13685</u>
Full Time 5.00 /hour	10000	0	-555	3400	2075	5475	<u>14920</u>
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For a Single Parent and Two Children

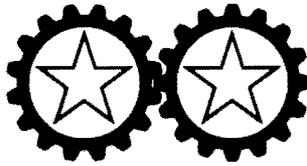
Work Level and Wage	Earnings	Day Care	Taxes**	EITC	AFDC plus Food Stamps	EITC and Food Stamps	Disposable Income***
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Half Time Minimum Wage*	4250	-1500	-325	1700	5866	7566	<u>9991</u>
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Full Time 5.00 /hour	10000	-3000	-555	3400	2675	6075	<u>12520</u>
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WR-IDEAS

AMERICA WORKS

September 13, 1993

Mr. Bruce Reed, Deputy Assistant
for Domestic Policy
Old Executive Office Building
Washington, D.C. 20501

Dear Bruce,

I wanted to take this opportunity to let you know of some follow up meetings I have scheduled since August's panel discussion.

In response to a meeting I had with Paul Offner in Senator Moynihan's office, I outlined some suggestions to David Ellwood and Wendell Primus regarding work supplementation as described in the Family Support Act (a copy of the letter is enclosed). We have scheduled a meeting to discuss this matter along with the proposed demonstration project that you challenged us to draft on September 30th at 11:30. Early on the 30th we are also meeting with Paul Dimond and Bonnie Deane on the National Economic Council at 10:00.

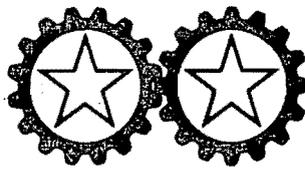
Both meetings should be beneficial as additional building blocks toward a comprehensive approach to welfare reform. I certainly look forward to the discussion.

Certainly if you would like to meet with me that day while I am D.C., I will be available. As always feel free to contact me or Richard Greenwald at (212) 529-2900 with any questions or requests.

Sincerely,

Peter Cove,
Founder

Enclosure



AMERICA WORKS

September 3, 1993

Department of Health & Human Services
Mr. David Ellwood, Ast. Sect for Planning and Evaluation
200 Independence Ave. SW, Room 414 F
Washington, D.C. 20201

Dear David,

At the suggestion of Paul Offner I want to ask your assistance in changing the rules regarding work supplementation as described in the Family Support Act. My request is that the Secretary waive the "NEW JOB" requirement contained in section 484 (C) which bars a participant from being assigned to "FILL ANY ESTABLISHED UNFILLED POSITION VACANCY." This request would cover only jobs in the private sector, not those in government. Section 482 (C) (IV) contains a provision that might allow The Secretary to waive this restriction. This provision currently restricts welfare recipients from work supplementation in about 95% of the jobs in the private sector since these are unfilled existing jobs. The House and Senate both approved this change in H.R. 11 (see pg. 1284 of the Conference Report-section 102-1034). The whole bill was subsequently pocket vetoed by President Bush.

Senator Moynihan's staff (I believe Margaret Malone) got the agreement with AFSCME to delimit the NEW JOB provision to government jobs exclusively. I want to ask your help in freeing up this program in advance of any new welfare legislation so that the private sector may start hiring in larger numbers welfare recipients ready and willing to work. Given last year's legislative passage, Senator Moynihan's support, and the authority for The Secretary to waive the provision, this should be a simple expeditious strategy for the Administration to uptick private hiring of previously dependent recipients of welfare.

I have enclosed testimony I presented in 1989 to Senator Moynihan's Subcommittee which details the problem. I will call you next week to discuss it. Please call Paul Offner as well for further background. Much thanks in advance for your help. It was an honor to be able to testify at the welfare hearing last week and to talk with you following the hearing. I look forward to the results of the working group's efforts and would be pleased to assist wherever possible.

Sincerely,

Peter Cove
Founder

TESTIMONY PRESENTED ON 5/15/89 BY PETER M. COVE
TO THE SUBCOMMITTEE
ON SOCIAL SECURITY AND FAMILY ASSISTANCE OF
THE COMMITTEE ON FINANCE, U.S. SENATE

America Works of New York, Inc.
704 Broadway
New York, New York 10003
(212) 529-2900

America Works of Connecticut, Inc.
100 Allyn Street
Hartford, Connecticut 06103
(203) 244-2120

EXECUTIVE SUMMARY

A new provision of the Family Support Act will effectively stop Work Supplementation in the private sector. This provision contained in section 484(c) bars a participant from being assigned to "fill any established unfilled position vacancy." It is being interpreted by HHS to mean that only new jobs can be filled by AFDC recipients under Work Supplementation.

If this provision is not interpreted differently by HHS, our companies in New York City and Hartford, Connecticut will be forced to fire about 200 welfare recipients by June 30th. America Works and many other companies throughout the country hire AFDC recipients and place them at private companies for short internships. The companies pay for the service; they are not subsidized. The workers receive support services and paychecks from us. They join unions if these exist and, when hired by the employer, obtain all the benefits of regular workers.

America Works respects the possibility that substandard work and displacement of the regular labor force could result from employing subsidized workers. The creative private sector model many of us operate is essentially a supported On-The-Job-Training model, using Work Supplementation. We ask the committee to protect the program, and we recommend to HHS that provisions used to prevent such abuses in OJT be applied to this model and that it be exempt from the provision requiring only new jobs. Section 482(C)(IV) contains a provision that might allow The Secretary to waive the new job requirement, but this would require immediate Congressional support. We know the new Act seeks to encourage private sector models such as ours not prohibit them. We thank you for this hearing.

My name is Peter M. Cove. I am the founder of America Works of Connecticut, Inc. and representing America Works of New York, Inc. (formerly New York Works, Inc.)

First, I want to acknowledge the committee's landmark legislation, and to give particular credit to its chairman, Senator Moynihan. Without his leadership on welfare issues, a Family Support Act might never have become law. We believe that the purpose of that Act is to stimulate new and creative ways of moving welfare recipients from relief rolls to self supporting jobs. Beyond a doubt, its intent is not to put an end to the many innovative programs that have been started in the past ten years.

My purpose in appearing here today is to request a change in the Department of Health and Human Services' interpretation of the Work Supplementation provisions of the Family Support Act. We propose that Work Supplementation in the private sector be treated like On-The-Job-Training and that the same standards for job displacement be used for both. Anything less will eliminate Work Supplementation in the private sector, and so deprive AFDC recipients of access to millions of jobs that might lead them to self-sufficiency. Simply put, HHS is interpreting a new provision of Work Supplementation to mean that no AFDC recipient may fill a job in the private sector if that job previously existed. Only "new" jobs can be filled through Work Supplementation. It is this interpretation that we believe should be changed.

The Supported Work Concept. America Works in New York City and in Hartford, Connecticut are private companies that recruit, train and place AFDC recipients with employers who hire them, following a trial period. During an internship of about four months, AFDC recipients work at a host company, also under the host company's supervision, while remaining on America Works' payroll. Throughout the internship, America Works provides constant support to the worker and to the host company management if problems arise. This can mean providing day care, or counseling a worker on punctuality and other good work habits. Essential here is the intervention of support services during the first crucial weeks on the job.

Often that makes the difference between success and failure for an otherwise qualified AFDC recipient. The term "supported On The Job Training" may best fit this model.

Following a trial period, successful workers (about two thirds of them) are hired and become regular employees of the company. It should be noted here that workers are not charged a fee for this service. In fact they receive a paycheck from America Works. Nor is the host company charged for the workers it obtains.

This arrangement affords all parties a win-win opportunity. For the private sector America Works recruits AFDC recipients who reduce turnover. It provides try-before you buy hiring with added personnel support of the workers, thus insuring a higher rate of success. This also gives the private sector a risk free means of accomplishing public good by reducing welfare dependency.

For the AFDC recipients America Works provides temporary full-time work leading to permanent employment. It gives workers access to jobs in companies which they would likely not otherwise be interviewed or hired.

Further, it gives them support with work-related problems from six to seven months and longer. It keeps them in the welfare system during the "weaning" process as they become familiar with the world of work and their new job requirements. If it should not work out, there is no gap in benefits since they are still in the system. This is a great incentive to potential workers who are ready but fearful that failure in the job will result in months of lost benefits.

For government, benefits are substantial and risk free. America Works is paid by the state only upon successful hiring of a worker by the host company following internship. Even here a portion of the total payment is held for 90 days in New York and 60 days in Connecticut to assure retention. This means that the AFDC recipient is recruited, trained, placed, supported, hired by the host company and has been there for about four months before America Works receives any money from the state. Such performance-based contracts assure, perhaps for the first time in any employment program, delivery of jobs before payment. The return on investment for the government in reduced welfare expenditures begins in about six months with growing savings thereafter. During the four month internship period America Works receives Work Supplementation (otherwise called grant diversion) to offset a portion of the workers' wages. As well, the companies pay us, as they would a temporary agency, for our services of placing and supporting the worker. So that support, which I have already said is crucial, is paid, in part, by the private sector. Without this, over 55 percent of the total cost of the employment program would have to come from government. Instead, this year, private companies contribute over two million dollars of these costs.

The Family Support Act. The new regulations cite wording in Section 484(C) of the Family Support Act that specifically bars any participants in a work supplementation component from being assigned to "fill any established, unfilled position vacancy." The same prohibition has always existed in CWEP which "appears to limit the use of the Work Supplementation to jobs that did not previously exist." In other words, only new jobs can be filled.

It is our belief that it was not the intent of Congress to so hamstring the private sector that it could not find creative ways in which to hire AFDC recipients. We suspect that this provision was inserted in CWEP to prohibit displacement of local public employees by federally subsidized workers. We do not believe the provision was intended to bar the private sector from using worker supplementation except in new jobs.

Following is a summary of the reason such application of the CWEP regulation is unwise and that On-The-Job-Training standards should apply.

1. IT IS DIFFICULT TO DETERMINE WHAT IS A "NEW" JOB

Especially in the private sector, it is nearly impossible for a program operator to define a "new" job. For example, if a company has 100 employees and shifts some openings to technical jobs but maintains 100 employees, are those technical jobs new? In a three person office where the secretary leaves and they redefine the job as a typist, is that new? If a branch office shuts down in one area and opens up in another area, are jobs in the new office area new? The private sector is a fluid, changing environment. Except in isolated cases "new" jobs are difficult to identify. Even sophisticated economists have trouble determining what is really new.

2. THE INTENT OF THE PROVISION IS TO AVOID DISPLACEMENT

The intent of this provision is to assure that an employer does not lay off or get rid of a regular worker to hire a subsidized worker. This is an important concern and one we can address.

through an agreement signed by the employer. The Department of Labor's On-The-Job-Training (OJT) programs have required similar agreements. This successful program has operated in the private sector for 30 years. The HHS program should not be more restrictive than OJT.

In addition, in the America Works model the employer pays hourly rates similar to what a regular worker would earn. Therefore, they are not using the program to subsidize costs. All America Works workers join unions during the initial trial period if the regular workers would have joined the union.

3. THERE ARE SIGNIFICANT ADVANTAGES FOR WELFARE RECIPIENTS.

Welfare recipients find the Work Supplementation program eases the catch 22 that results when they try to leave welfare. Many people on AFDC are afraid of getting a job because if something goes wrong on the job, they will have difficulty getting back on welfare. Delays can take months. During the four month trial period in Work Supplementation a recipient tries a new job. If something doesn't work out the recipient is immediately fully back on welfare. If it does work out, at the close of the trial period the recipient is happy to go off welfare and say good bye to the system. No other programs allows this trial period of working and receiving benefits without fear.

The additional funds from Work Supplementation allow the program operator to enhance support to the worker. In America Works' case we hire support staff who guide, train and counsel workers on site at companies. These support staff people handle 15-20 recipients and in most cases make the difference in their success. Without grant diversion these services would not be affordable.

4. ALL AMERICA WORKS JOBS ARE NEW JOBS.

Technically, America Works hires welfare recipients for the first four months before they go on a company payroll. The jobs at America Works could therefore be considered new jobs. America Works is the recipient of Work Supplementation, not the employer. America Works pays the welfare recipient's wages.

5. IS CONFUSION ON THE ROLE OF OJT, WORK SUPPLEMENTATION AND CWEP

On the Job Training is not a substitute for Work Supplementation. Traditionally the OJT model has worked for job-ready applicants who need skill training. Work Supplementation has been used for less skilled more disadvantaged recipients. These are people who need extensive counseling and support.

CWEP has the restriction of filling only new jobs because the recipients do not get paid. There were abuses, too, under CETA where municipalities used CETA workers to supplement local budgets. Unions and others were afraid this would happen with CWEP which is "free" labor, thus the restriction. None of this is true of Work Supplementation; here, workers are paid.

6. AMERICA WORKS IS PAID ONLY FOR A SUCCESSFUL PERFORMANCE

America Works receives payment only when a welfare recipient gets a job and is off welfare. It is paid purely on performance. When America Works invests in the program operation until the worker is hired, State and Federal governments pay only for delivery--not for process. (At least two dollars is returned in welfare savings for every dollar invested by Government.)

America Works is joined by companies in New York and in Connecticut, as well as many others nationally, harnessing work supplementation to get jobs in the private sector.

In New York, state-wide, over 1,365 AFDC recipients were enrolled in the work supplementation programs from July '87 to June '88 and most were hired permanently. Last year in Connecticut 250 AFDC recipients received unsupported jobs through work supported efforts.

New York's Department of Social Services, led by Commissioner Cassar Parales, initiated by Michael Dowling now of the Governors Office a breakthrough use of private-sector Work Supplementation, through performance based contracting. He was aided in this effort by Assistant Commissioner Oscar Best.

Similarly, Connecticut State Senator, Joe Harper, Chair of the Appropriations Committee, with former Commissioner of Income Maintenance Steven Heintz and present Commissioner Lorraine Aronson encouraged state support for private sector backing, financing and operation of Work Supplementation programs. Their vision has allowed Work Supplementation to stimulate the private sector to help finance what would have been a totally publicly supported program. It is a true public/private innovative model; the kind this new legislation seeks to stimulate, not eliminate.

We request that the Department of Health and Human Services allow this model to continue. Section 482(D)CIV allows the secretary to approve "any other work experience program" as he sees fit. Perhaps this would allow the secretary some authority pending legislative change. As already proposed the department could interpret this as an On-The-Job-Training model and apply similar guidelines. In any case, we ask for an immediate review because otherwise many programs across the nation will close by June 30, 1989, depriving AFDC recipients of good jobs and the public of private sector support.

I want to thank the committee for the time it has given me to express our concern for this issue and again to commend Senator Moynihan and the members of this committee for having drafted a law that should reform welfare for years to come.